

FRANCHISE DISCLOSURE DOCUMENTS
FRANCHISE DISCLOSURE DOCUMENT



®



Next Health Franchising LLC
a Delaware limited liability company
8560 West Sunset Boulevard, Suite 650
West Hollywood, California 90069
(310) 295-2075
www.next-health.com
franchise@next-health.com

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The franchise is the right to develop, own, and operate a health optimization and longevity center that provides or arranges for the provision of certain health, wellness, longevity, medical, aesthetic and related services and treatments, and related products and services. The total investment necessary to ~~begin operation of a~~ develop a Next Health® center ranges from \$1,690,200 to \$2,259,200 franchised business is \$1,593,300 to \$2,173,800. This includes \$~~435,100~~471,200 to \$~~440,600~~525,700 that must be paid to the franchisor or and its affiliates. The total investment necessary to acquire the multiple franchises for 2 to 10 Next Health® franchised businesses under an area development agreement is \$120,000 to \$220,000, all of which must be paid to the franchisor or an affiliate.

~~The total investment necessary to begin operation under a development agreement is payment of a development fee in an amount equal to 50% of the initial franchise fee for each center you agree to open, which will be an agreed upon number typically between 3 and 10 NextHealth® centers. Because we provide a discounted initial franchise fee for multi unit commitments, the development fee will vary depending on the size of your commitment: \$90,000 for 3 centers; \$120,000 for 4 centers; \$100,000 for 5 centers; \$120,000 for 6 centers; \$140,000 for 7 centers; \$160,000 for 8 centers; \$180,000 for 9 centers; \$200,000 for 10 centers; and, incrementally, an additional \$20,000 for each center in excess of 10. The entire investment under a development agreement is paid to franchisor.~~

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Next Health Franchising LLC at 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California~~CA 90069; phone: (310) 295-2075; email: franchise@next-health.com.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-Help or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s homepage at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising.

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

~~ISSUANCE DATE: MAY 8, 2024~~

Issuance Date: [April 21, 2025](#)

HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 E include 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 <u>Next</u> NextHealth center 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 <u>Next</u> NextHealth franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments to 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 the area development agreement require you to resolve disputes with us by arbitration or litigation in California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It also may cost more to arbitrate or litigate with us in California than in your home state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. The franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the 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.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **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.
6. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if 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.

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

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

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)~~ 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 the Michigan Franchise Investment 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 thirty (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 five (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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of the franchisor's intent to not 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 (1st) refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

(iv) ~~(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 (1st) refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third (3rd) 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 a provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than ~~\$100,000~~ One hundred thousand and 00/100 Dollars (\$100,00000), the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

MICHIGAN ATTORNEY GENERAL'S OFFICE
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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

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

We refer to this document as the “Disclosure Document.” The franchisor is Next Health Franchising LLC, and we refer to it as “Franchisor” or “we.” We refer to the person or entity that buys the franchise as “you” or “Franchisee.” If you are not a natural person, certain provisions of the agreements described in this Disclosure Document will also apply to your direct and indirect owners, and we refer to them as your “Owners.” We refer to the Next NextHealth Center location (as defined below) you operate as our franchisee as “your Center.”

The Franchisor ~~and~~& Our Agents for Service of Process-

We are a limited liability company, formed in the State of Delaware on April 17, 2023. Our principal business address, and the principal address of Parent (defined below) and each of the other affiliates described in this Item 1, is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California~~CA 90069. Our agents for service of process are Paracorp Incorporated, 2140 S Dupont Hwy, Camden, DE 19934, and, in the states in which this Disclosure Document will be registered, as listed in Exhibit A.

We do not conduct business under any name except our legal name and our brand name, “Next NextHealth®” (the “Brand”). Our sole business is to offer and sell franchises for Next NextHealth Centers, manage the Next NextHealth Center franchise system, and provide services to Next NextHealth Center franchisees. We started selling franchises for Next NextHealth eCenters (each a “Next NextHealth Center”) in June 2023. While we have never owned or operated a Next NextHealth Center, some of our Parent affiliates (as defined below) ~~does~~do, as described below. We have never offered franchises for or operated any other businesses.

Our Parent, Predecessor ~~and~~& Affiliates-

Our parent, is Next Health Management Group, Inc. (“Parent”), ~~shares our principal address. Parent owns and has granted us a license to use and sublicense the use of the trademarks and other intellectual property used in the operation of NextHealth Centers. Parent has operated.~~ Through its affiliates, Parent has provided management services to the Next NextHealth Centers since July 2016. Parent has not granted franchises in this or any other lines of business.

Our affiliate, Next Health California Medical Group, PC (the “California Medical Services Manager”), enters into a management services agreement (the “Management Services Agreement”) (in the form attached as a part of Exhibit G hereto) with franchisees whose Next Health Center is located in California and makes a qualified and licensed physician (the “Medical Director”) available to the franchisee in connection with its Next Health Center. The California Medical Service Manager has never granted franchises in any this or any other line of business.

Our affiliate, Next Health CPOM Medical Group, LLC (the “Medical Services Manager”). The Medical Services Manager enters into a Management Services Agreement (in the form attached as a part of Exhibit G hereto) with each Next Health franchisee and makes a qualified and licensed physician (the “Medical Director”) available to the franchisee in connection with its Next Health Center. The Medical

Services Manager has never granted franchises in any line of business and has never operated a Next Health Center.

Our affiliate, Next Health Franchise Medical Group, LLC (the “Medical Director Manager”), support the corporate and franchised locations. The Medical Director Manager has never granted franchises in this or any other line of business.

Since its formation on December 1, 2022, our affiliate, Next Health International LLC (“NHI”), has been offering master franchises and unit franchises for Next NextHealth Centers outside the United States. NHI ~~shares our principal address,~~ has never granted franchises in the USA in this or any other line of business, ~~has never operated a NextHealth Center, and does not provide products or services to our franchisees.~~

Since its formation on August 19, 2024, our affiliate, Next Health IP, LLC (“Next Heath IP”) owns and has granted us a license to use and sublicense the use of the trademarks and other intellectual property used in the operation of Next Health Centers. Next Health IP has never granted franchises in this or any other line of business.

Our affiliate, Next Health ~~Franchise~~New York Medical Group, ~~LLC~~PC (the “New York Medical Services Manager”), ~~shares our principal address. The Medical Service Manager enters into a management services agreement (the “Management Services Agreement”) (in the form attached as Attachment D to a part of Exhibit BG hereto) with each NextHealth franchisees of Next Health Centers located in New York~~ and makes a qualified and licensed physician (the “Medical Director”) available to the franchisee in connection with its Next NextHealth Center. The New York Medical Services Manager has never granted franchises in any line of business ~~and has never operated a NextHealth Center.~~

Except as described above, we have no affiliates who sell or have sold franchises in this or any other line of business or provide products or services to our franchisees.

We have no predecessors.

The Type of Business You will Conduct:

Next NextHealth Centers arrange for the provision at their premises of certain medical products and services that, under applicable state laws, can only be provided by or under the supervision of a licensed physician (collectively, the “Medical Services”) and provide certain non-medical products and services. Some of the Medical Services (for example - therapeutic plasma exchange, ozone therapies, peptide therapies, etc.) may be considered “speculative medical treatments” as that term may be defined by various governments or advertising outlets or as they may be commonly known (“Speculative Medical Services”). We do not make any determination as to which services amount to Medical Services or Speculative Medical Services, ~~and.~~ Although we do not require that your Center provide Speculative Medical Services be provided at your Center, ~~but~~ your Medical Director may provide them at his ~~or~~ her own discretion.

We do not require or authorize Next NextHealth franchisees to practice medicine, hire licensed health care professionals or provide training to them, provide Medical Services, or exert control over the delivery or supervision of Medical Services; however, we require each Next NextHealth franchisee to (i) enter into the Management Agreement with the Medical Service Manager to engage a Medical Director

who is acceptable to us and who will use his or her independent medical judgement, to perform or, where permitted, supervise the performance of Medical Services at the franchisee's Next NextHealth Center; (ii) provide certain non-medical services to their clients and provide non-clinical administrative support services to the Medical Service Manager and the Medical Director in accordance with the terms of the Management Agreement; and (iii) subject to applicable laws, designate and/or appropriately contract with, either directly or through the Medical Service Manager (as required by law), at least one licensed and registered nurse practitioner ("Nurse Practitioner") and one licensed and registered aesthetic nurse ("Aesthetic RN") or such other similar staffing as required under state law and regulations to offer, provide, and administer certain Medical Services under the supervision of the Medical Director. Our current template of Management Agreement is ~~attached as Attachment D to the~~ included in Exhibit G, "Franchisee Agreement, Specific Forms & Templates." You are responsible for ensuring that the Management Agreement you sign complies with applicable federal, state and local laws and regulations. The final version of the Management Agreement that you intend to sign and any subsequent modifications to the agreement are subject, in all cases, to our prior written approval. You must provide us with an executed copy of the Management Agreement within ten (10) days after its execution, but in any event before you commence operations of your Center.

We periodically prescribe certain mandatory specifications, standards, operating procedures, and rules governing the operation of Next NextHealth Centers (the "System Standards"); however, our System Standards and any assistance we provide in connection the development and operation of Next NextHealth Centers (i) relate solely to the performance of activities that are not regulated by laws governing the provision of Medical Services; (ii) do not constitute the practice of medicine or the performance of Medical Services, and (iii) do not provide us with the ability to exert control over the delivery or supervision of Medical Services. The Medical Service ProviderManager, through the Medical Director of your Center, will periodically issue mandatory and optional specifications, standards, operating procedures, and rules governing the provision of Medical Services at your Center, including those governing purchasing, storage, placement, and use of products, services, equipment, and supplies used in the provision of Medical Services (the "Medical Standards"). In the event of a conflict between the System Standards and the Medical Standards, the Medical Standards will ~~supersede the System Standards~~ control.

~~In order to~~ To acquire the right to develop, own, and operate a Next NextHealth Center, you must enter into (i) a franchise agreement and related agreements with us (the "Franchise Agreement"), the current form of which is attached to this Disclosure Document as Exhibit B, and (ii) an approved Management Agreement with the Medical Service Manager. If you are not a natural person, your Owners that have direct or indirect ownership in you will be required to sign an agreement (the current form of which is as Attachment A to the Franchise Agreement) under which each of your Owners will personally assume and guarantee your obligations under the Franchise Agreement.

We also offer qualified applicants the option to sign an area development agreement (an "Area Development Agreement") in which they agree to ~~acquire develop and open~~ acquire develop and open an agreed upon number of franchises ~~and develop and open~~, in accordance with our then-current individual Franchise Agreements, an agreed upon number of Next NextHealth Centers within a specified geographic territory (the "DevelopmentSite Selection Area") and according to a specified schedule (the "Development Schedule"). The Area Development Agreement ~~will require~~ a commitment that you acquire franchises to develop and open a specific number of Next NextHealth Centers, typically a number between 3 and 10, subject to your and our agreement prior to execution of the Area Development Agreement. The form of Area Development Agreement you would sign is attached as Exhibit C to this Disclosure Document. You will

sign the Franchise Agreement (in [the](#) form attached to [this](#) Disclosure Document as Exhibit B) for your ~~first~~^{1st} ~~Next~~ ~~Next~~Health Center when you sign the Area Development Agreement. For each subsequent franchise you acquire, you will sign our then-current form of Franchise Agreement, which may be materially different than the form we were using when you signed the Area Development Agreement, except that the initial franchise fee payable under each Franchise Agreement will be as specified in the Area Development Agreement.

Market for Your Products ~~and~~& Services; Competition-

[Next](#) ~~Next~~Health Centers operate year-round, and their products and services are sold to members of the general public who are interested in health, wellness, longevity, medical, aesthetic and related services and treatments and who patronize businesses that offer services such as cryotherapy, IV therapy, injectables, and similar medical wellness and aesthetic services. Clients of [Next](#) ~~Next~~Health Centers are generally adults, but certain services may be offered to minors with permission of their parents or guardians. The market for these products and services is steadily growing and evolving. Your Center will be competing with businesses that offer ~~one~~¹ or more similar services, including med spas and doctors' offices.

Laws, Rules, ~~and~~& Regulations-

[Next](#) ~~Next~~Health Centers are not required to enroll in state and/or federal reimbursement programs, such as Medicaid or Medicare. The provision of Medical Services is heavily regulated by federal, state and local laws, rules and ordinances. Such laws and regulations include (i) state corporate practice of medicine ("CPOM") regulations; (ii) laws pertaining to the practice of medicine and/or nursing; (iii) all laws governing confidentiality and privacy of personally identifiable information, personal information, sensitive personal information, private information, protected health information, individually identifiable health information, medical records, patient records, or other information generated in the course of providing or paying for healthcare services, including HIPAA (and covered entities under HIPAA) and Occupational Safety and Health Administration ("OSHA"); (iv) anti-kickback and fee splitting laws; (v) the Stark law (42 USC §1395, et seq.) and other laws that prohibit physician self-referral under certain circumstances; (vi) telemedicine laws and regulations; (vii) state individual and facility licensing requirements; (viii) patient inducement laws; (ix) laws and regulations pertaining to medical devices and related healthcare equipment; (x) laws and regulations pertaining to health and wellness centers, including requirements applicable to membership programs; (xi) laws and regulations pertaining to cosmetology/aesthetic services; (xii) laws and regulations pertaining to state pharmacy boards; (xiii) laws regulating the prescribing, compounding, marketing, administering, packaging, and sale of peptides, medicines, and other controlled substances; (xiv) laws related to minimum wage and overtime requirements; (xv) laws relating to advertising or marketing of healthcare products or services; (xvi) laws governing laboratories; and (xvii) other health and human welfare laws. There may be other laws applicable to your Center, particularly if your Medical Director will offer Speculative Medical Services at your Center. You, in conjunction with the Medical Director, are solely responsible for understanding and complying with all laws applicable to your Center. We urge you to make further inquiries about these laws.

~~ITEM~~ITEM 2

~~BUSINESS EXPERIENCE~~BUSINESS EXPERIENCE

Chief Executive Officer: Darshan Shah, MD—~~Chief Executive Officer~~

~~Mr.~~Dr. Shah has been our Chief Executive Officer since our formation in April 2023 and has held the same position with our Parent (since January 2014), NHI (since its formation in December 2022), and Medical Service Manager (since June 2023). His positions with us and our affiliates are based in ~~Malibu~~West Hollywood, California. He has also served as Chief Executive Officer of Beautologie Medical Group, Inc. in Bakersfield, California since June 2002, Vitaboom.com since June 2023, and FollowThatPatient.com since 2004.

President: Kevin Peake—~~President~~

Mr. Peake has been our President since our formation in April 2023 and has held the same position with Parent (since August 2016), NHI (since its formation in December 2022), and Medical Service Manager (since June 2023). Mr. Peake is based in West Hollywood, California for all of the positions described above.

~~Scott Svlich~~—Chief Operating Officer: Scott Svlich

Mr. Svlich has been our Chief Operating Officer since our formation in April 2023 and has held the same position with Parent (since April 2022) and with NHI (since its formation in December 2022), and Medical Service Manager (since June 2023). His positions with us and our affiliates are based in West Hollywood, California. Previously, he served as Vice President of Operations for AKT Franchising, LLC in Irvine, California, from September 2020 to April 2022. He also served as Vice President of Sales for Pure Barre Franchising, LLC in Irvine, California, from October 2018 to September 2022.

~~Jachin Suh~~—Vice President of Finance: Jachin Suh

Mr. Suh has been our Vice President of Finance since April 2024. He was our Finance Manager from October 2023 to April 2024, and he operates out of our corporate headquarters in West Hollywood, California. Previously, he was Director of Finance for Xponential Fitness in Irvine, California from August 2021 to October 2023. He also served as Assistant Manager of Finance for Hyundai Motor North America from July 2019 to August 2021 in Fountain Valley, California. ~~Mr. Suh held the position of Accounting Consultant for OptumRx in Irvine, California from June 2016 to July 2019.~~

~~Vanessa Kekina~~—Director of Marketing: Vanessa Kekina

Ms. Kekina has been our Director of Marketing since our formation in April 2023. She has been employed by Parent since June 2016, initially serving as General Manager of a Next ~~Next~~Health Center from June 2016 to April 2018 and then as Director of Marketing since April 2018. Ms. Kekina is based in West Hollywood, California.

Director of Construction Support: Anna Marie Palomino

Ms. Palomino has been our Director of Construction Support, based out of West Hollywood, CA, since September 2024. Prior to Next Health Management Group, Inc., she was the Director of Construction Support for Xponential Fitness from December 2018 to September 2024 in Irvine, CA.

Director of Sales: Will Craig

Mr. Craig has been our Director of Sales, based out of West Hollywood, CA, since January 2023. He initially started with Next Health, in West Hollywood, CA, in June 2021, as our Customer Service Manager, until August 2022. From August 2022 to January 2023, he served as our Member Success Manager, in West Hollywood, CA. Prior to his time with Next Health, Mr. Craig was a student at Pepperdine University, in Malibu, CA from January 2020 to June 2021.

Chief Technology Officer: Jameson Stafford

Mr. Stafford has been our Chief Technology Officer, based in West Hollywood, CA, since September 2024. In addition to his role with Next Health, Mr. Stafford was the Chief Technology Officer with Docovia, Inc., based in Scottsdale, AZ, from June 2019 to the Present.

Director of Clinical Operations: Moushumi Shoma Datta-Thomas, MD

Dr. Datta-Thomas has been our Director of Clinical Operations, based out of New York City, NY, since May 17, 2024. Prior to her role with Next Health, Dr. Datta-Thomas was the Medical Director for Modern Age, New York City, NY, from April 1, 2022, to March 30, 2024. Dr. Datta-Thomas previously operated her own practice, DT GYN Aesthetics & Rejuvenation from August 2018 to May 2024 in Westchester, NY. Prior to that, she was Maiden Lane Medical's Attending Physician from August 13, 2013, to June 1, 2022, in New York City, NY.

~~ITEM~~ **ITEM 3**
~~LITIGATION~~ **LITIGATION**

No litigation is required to be disclosed in this Item.

~~ITEM~~ **ITEM 4**
~~BANKRUPTCY~~ **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

~~ITEM~~ **ITEM 5**
~~INITIAL FEES~~ **INITIAL FEES**

Initial Franchise Fee—~~\$80,000~~

When you sign the Franchise Agreement, you will pay us an initial franchise fee (“Initial Franchise Fee”) of \$80,000 unless the fee is discounted under an Area Development Agreement as described below. The initial franchise fee is paid in a lump sum and is ~~not non~~-refundable. ~~In 2023,~~ During 2024, we ~~charged initial franchise fees from \$60,000 to \$120,000~~ did not negotiate our standard fees.

Training Fee—~~\$7,500~~

You must pay us a training fee of \$5,000 for each Nurse Practitioner and \$2,500 for each Aesthetic RN ~~that will be who~~ attending our initial training program. The training fee is due upon receipt of your Training Invoice from us, paid in a lump sum, is not refundable, and is uniformly imposed.

Equipment & Computer Systems Package ~~—\$324,400~~

Before your Center opens, we will facilitate your purchase of certain equipment like the cryotherapy machine, the hyperbaric oxygen therapy machine, the LED red light therapy machine, the sauna equipment, the IV lounge chairs, massage chairs, and certain components of the Computer System (collectively, the “Equipment & Computer Systems Package”) from our approved and/or designated third party vendors. ~~We place, on your behalf, the initial orders for the Equipment Package and collect from you \$324,400 and, in turn,~~ 3rd party vendors. The Equipment & Computer System Package ranges from approximately \$360,000 to \$400,000 and is payable to us upon receipt of your Equipment & Computer Systems Package invoice from us. In return, we will pay to the appropriate vendors the price of the items they sell to you. We act merely as a facilitator of these transactions and do not resell the components of the Equipment & Computer Systems Package, but we may choose to do so in the future. This amount is payable in a lump sum (as invoiced), is not refundable, and is uniformly imposed.

Architect & General Contractor Review Fee ~~—\$2,000 per vendor~~

We recommend that you engage our designated architect and general contractor to develop your Center; however, if you wish to engage an alternate architect or general contractor, then you will pay us an architect ~~and~~ general ~~e~~contractor ~~r~~review ~~f~~ee of ~~\$2,000~~ 3,000 per vendor to evaluate your proposed architect and/or general contractor. The architect ~~and~~ general ~~e~~contractor ~~r~~review ~~f~~ee is paid in a lump sum when you request our approval of your proposed architect or general contractor, is not refundable (even if we do not approve your proposed architect or general contractor) and is uniformly imposed. If you choose to use your own architect and/or general contractor, you will enter into a separate contract with each vendor you employ, under the terms of which will be negotiated by you or your attorney. We will not be a party to these agreements and will not be responsible for enforcing the terms and conditions therein, but you may be required to submit the draft or proposed contract for our preliminary review. Any review that we perform is for form, not substance, and our review does not make us a party to this agreement and is not to be construed as our consent or approval of the terms therein.

Architect Design Fee

If you choose to select your own architect for the build out of your Center, you will be required to pay us an Architect Design Fee of \$10,000 for our review of your proposed design of the space, to ensure brand standards are met. The Architect Design Fee is paid in a lump sum when your architect is approved by us for use and is not refundable and is uniformly imposed.

Construction Management Fee ~~—\$20,000~~

You must pay us a construction management fee of \$20,000 (the “Construction Management Fee”) to oversee the development of your Center. The Construction Management Fee is paid in a lump sum when signing the Franchise Agreement, is not refundable, and is uniformly imposed.

Lease Review Fee—~~\$1,500~~

If the landlord of the premises at which your Center is located ~~requires~~requests changes to our then-current form of lease addendum, a copy of which is annexed to the Operations Manual (as defined in Item 11), you must pay us a lease review fee of \$1,500 to offset the expenses we incur to conduct the review. The lease review fee is payable in a lump sum when you present the revised lease addendum to us for our consideration, is not refundable, and is uniformly imposed. We are not required to accept any landlord-initiated changes to our standard lease addendum, and payment of the lease review fee is not a guarantee of our acceptance of the proposed terms and conditions. For this reason, we recommend that you obtain the landlord’s preapproval of the lease addendum during the Letter of Intent (“LOI”) phase.

Technology Fee—~~\$700~~

We collect a monthly technology fee (the “Technology Fee”) for providing you with access to certain software or technology that is required for the operation of your Center. The amount may change upon notice, but the current monthly Technology Fee as of the issuance of this Disclosure Document is \$700, ~~and it.~~ This fee includes your monthly subscription charges for certain required computer and client management software programs. The Technology Fee is collected in advance, and therefore, you will pay at least your ~~first~~1st monthly installment of Technology Fee before your Center commences operations but no later than 30 days before your scheduled opening date. The Technology Fee is payable in a lump sum each month, is not refundable, and is uniformly imposed.

Medical Director Fee—~~\$2,500~~

~~The Medical Service Manager collects a monthly Medical Director Fee for making a Medical Director available to you. The Medical Director Fee is collected in advance, and therefore, you will pay at least your first monthly installment of Medical Director Fee before your Center commences operations. The Medical Director Fee is payable to the Medical Services Manager (our affiliate) in a lump sum each month, is not refundable, and is uniformly imposed.~~

You will be required to hire a Medical Director for your location. For the support of the Medical Director at your location, you will pay a monthly fee of \$3,000 directly to our affiliate, your Medical Service Manager or Professional Corporation (“PC”). While the fee, at this time, is \$3,000 per location, the Management Agreement provides that the fee may be increased up to \$5,000 per month, upon written notice from the Medical Service Manager. The Medical Director Fee is collected in advance, and therefore, you will pay at least your 1st monthly installment of Medical Director Fee at least 30 days before your Center commences operations. The Medical Director Fee is payable to the Medical Service Manager in 1 lump sum each month, is not refundable, and is uniformly imposed.

Development Fee—~~\$90,000 to \$200,000~~

If you sign an Area Development Agreement, upon execution of the Agreement, you will pay us, in a lump sum on execution of the agreement, a development fee (“Development Fee”) equal to 1 current initial franchise fee, plus 50% of the current initial franchise fee payable for each ~~Next Next~~Health Center you agree to develop in satisfaction of an agreed upon included in the Development Schedule. ~~Under~~

Typically, the Area Development Agreement, ~~we typically~~ requires ~~developers to commit to developing~~ a minimum of 3 ~~Next~~ NextHealth Centers and a maximum of 10 ~~Next~~ NextHealth Centers to be developed (the exact number being agreed upon before the Area Development Agreement is signed). Since we provide a discounted initial franchise fee for multi-unit development, the amount of the development fee you are required to pay will depend on the number of ~~Next~~ NextHealth Centers you commit to develop, calculated as follows:

Number # of Next NextHealth Centers	Initial Franchise Fee per Next NextHealth Center	Amount of Total Development Fee
<u>2</u>	<u>\$80,000</u>	<u>\$120,000</u>
<u>3</u>	\$60,000	\$90,000 <u>120,000</u>
<u>4</u>	\$60,000	\$120,000 <u>150,000</u>
<u>5</u>	\$40,000	\$100,000 <u>120,000</u>
<u>6</u>	\$40,000	\$120,000 <u>140,000</u>
<u>7</u>	\$40,000	\$140,000 <u>160,000</u>
<u>8</u>	\$40,000	\$160,000 <u>180,000</u>
<u>9</u>	\$40,000	\$180,000 <u>200,000</u>
<u>10</u>	\$40,000	\$200,000 <u>220,000</u>

The development fee will increase by \$20,000 for each ~~Next~~ NextHealth Center in excess of 10 that you commit to develop. While we agree to credit a prorated portion of the Development Fee toward the initial franchise fee due on execution of the Franchise Agreements, the Development Fee is payment for the reservation of the ~~development~~Site Selection ~~a~~Area and our agreement to discount the initial franchise fee. It is not a prepayment of the initial franchise fee. The development fee is ~~not~~non-refundable and is uniformly imposed.

~~ITEM~~ITEM 6
~~OTHER FEES~~OTHER FEES

Type of Fee	Amount	Due Date	Remarks [†]
Royalty	9% of Gross Sales	Weekly (currently, every Friday)	<p>If any applicable law prohibits or restricts in any way your ability to pay, or our ability to collect, royalty or other amounts based on Gross Sales derived from the operation of your Center, then we will modify your payment obligations to us under the Franchise Agreement and revise the applicable provisions in order to provide the same basic economic effect to both us and you as currently provided in the Franchise Agreement. The frequency of royalty payment is subject to change. See Note 2 for the definition of Gross Sales.</p> <p>If you fail to report Gross Sales in the manner that we require, we may debit your account for 110% of the average of the last three Royalty payments and Brand Fund contributions that we debited. If the amounts that we debit from your account under this paragraph are less than the amounts you actually owe us (once we have determined the true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following week.</p>
Temporary Royalty due to Unauthorized Closure	Greater of: (i) the average of the royalty owed for the three royalty periods immediately preceding the temporary closure, or (ii) \$2,000 per week	Weekly, as incurred	<p>Charged if you temporarily close your Center without our consent and we do not otherwise exercise our right to terminate your Franchise Agreement. The Temporary Royalty is payable in the same manner as the regular royalty payment. Payment of a Temporary Royalty will not act as a cure of the default caused by the unauthorized closure and will not alter or impair any other rights we have under the Franchise Agreement.</p>

Type of Fee	Amount	Due Date	Remarks [†]
Non-Compliance Charge	Increase of 1 percentage point (1%) to the rate of royalty payment	As incurred	If you do not comply with your obligations under the Franchise Agreement, your royalty payment will be increased to 10% of Gross Sales until we have determined that you have cured your deficiencies and are compliant with all terms of your Franchise Agreement. This increase in the rate of royalty is intended to compensate us for additional expenses and certain losses that we will incur as a result of your non-compliance and is not a penalty or an expression of the total amount of such damages. Payment of this increased royalty does not cure the non-compliance that triggered its payment, and we are not limited in pursuing our other rights and remedies available under the Franchise Agreement.
Medical Director Fee	\$2,500 per month	Monthly	Under the Management Agreement, you must pay our affiliate a monthly Medical Director Fee to the Medical Service Manager for making a Medical Director available to you.
Brand Fund Contribution	1% of Gross Sales	Payable at the same time and manner as royalty	We cannot require that your contributions to the Brand Funds (as defined in Item 11) and your Local Marketing Expenditure (as defined in Item 11) exceed, in the aggregate, more than 5% of the Gross Sales of your Center (“Marketing Expenditure Cap”). Subject to the Marketing Expenditure Cap, we may change the amount you contribute to the Brand Fund.
Local Marketing Expenditure	\$3,000 per month	Monthly	We may upon written notice to you require that the amounts required to be spent by you for local marketing of your Center shall, instead, be paid to us or our designee. Subject to the Marketing Expenditure Cap, we may change the amount you must spend on local marketing.
Technology Fee	\$700 per month	As incurred	Payment of this fee provides you with access to certain software or technology that is required for the operation of your Center. We may increase the Technology Fee upon notice to you based on our incurred costs.
Reimbursement of Third-party Technology Fee	Our actual costs	Monthly	If we pay certain fees on your behalf to third-party vendors of software and other technology, then, in addition to the Technology Fee, we may require you to reimburse the amount paid us on your behalf.

Type of Fee	Amount	Due Date	Remarks [†]
Interest on Late Payment	Lesser of 1.5% per month or the maximum rate allowed by applicable state law	As incurred	Interest will accrue on all amounts you owe us after their due date.
Insufficient Funds Service Fee	\$100 per occurrence	As incurred	Payable if checks or drafts are returned or auto-debit requests declined due to insufficient funds.
Initial Training for your Nurse Practitioner and Aesthetic RN; Additional and Remedial Training for Those Positions; Initial Training for Replacement Required Trainees	\$5,000 per Nurse Practitioner; and \$2,500 per Aesthetic RN	As incurred	Your Managing Owner (as defined in Item 15), General Manager (as defined in Item 15), Nurse Practitioner, and Aesthetic RN (collectively, "Required Trainees") and/or such other persons as we may designate periodically must also attend such additional and remedial training programs as we may periodically require, and you must pay us our then-current fee for providing additional training to your Required Trainees. If you replace any initial Required Trainee, the replacement personnel must complete, to our satisfaction, the applicable training program. Currently, we do not charge a fee for providing training to your replacement Managing Owner or General Manager, but we reserve the right to do so.
Conference Registration Fee	Currently estimated to be \$999 to \$1,499 per person	As incurred	If we or our affiliates require your owners, Required Trainees, or any other personnel to attend any meeting or conference organized by us and our affiliates, then you must pay the registration fee for such meeting or conference, regardless of the attendance by your attendee. You will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending such meetings and conferences on your behalf or at your request. This fee is subject to increase based on our and third parties' cost of providing such conference.
Reimbursement of costs associated with opening assistance	Our actual costs; will vary based on circumstances	As incurred	We will not charge a fee for opening assistance we provide to you, but if we determine it to be necessary to increase or re-schedule our available resources to accommodate the timing of the opening of your Center or the kind or extent of assistance we determine to be necessary, we may require that you reimburse our expenses associated with doing so.

Type of Fee	Amount	Due Date	Remarks [†]
Marketing Creative Service Fee	\$75 per hour	As incurred	Upon your request, we may design local marketing materials for your Center. You will be required to pay our then-current hourly rate. The amount of our current rate is subject to change.
Reimbursement of Mystery Shopper expenses	Our actual costs, estimated to be \$300 per mystery shopper	As incurred	You must reimburse us for the cost of any mystery shoppers that we engage to inspect your Center.
Relocation Fee	\$15,000 per request	Due when you submit a proposed new location	If you desire to relocate your Center, you must obtain our prior written approval and pay us the relocation fee. You pay all costs of relocating.
Audit Fee	Cost of audit, plus understated royalty or Brand Fund contribution	Within 15 days of report receipt	Payable if we conduct an audit because you failed to provide required reports or if the audit reveals an understatement of Gross Sales of more than 2% or an underpayment of royalty or Brand Fund contributions. The cost of audit includes fees payable to attorneys and independent accountants involved in the audit and the travel expenses, room and board, and compensation of our personnel involved in the audit.
Transfer Fee (Franchise Agreement)	50% of our then-current initial franchise fee	As incurred	Payable if you request us to approve a transfer of your Center or of ownership interests in you.
Transfer Fee (Area Development Agreement)	\$20,000	As incurred	Payable if you request us to approve a transfer of your development rights or of ownership interests in you.
Successor Franchise Fee (Franchise Agreement)	50% of our then-current undiscouted initial franchise fee	Upon execution of successor Franchise Agreement	Payable if we approve you to acquire a successor franchise for your Center.
Management Fee	10% of Gross Sales earned during our period of management, plus our costs	As incurred	Payable only if we assume management of your Center because of your abandonment, failure to comply with the Franchise Agreement, or expiration or termination of the Franchise Agreement (while we decide whether to exercise our purchase option). See Item 15.

Type of Fee	Amount	Due Date	Remarks [†]
Reimbursement of costs incurred in evaluating alternate product or vendor	\$2,000 per vendor to evaluate your proposed architect or general contractor; our actual costs for all other vendors and products	As incurred	Payable only if you request our approval of a new product or supplier that is not then approved by us. Our costs will vary based on the type of product or supplier, the location of the supplier, and the nature of the new product or supplier.
Insurance Premium Reimbursement	Our actual costs	As incurred	Payable only if you fail to obtain or maintain insurance, and we exercise our option to obtain or reinstate it for you.
Indemnification (Franchise Agreement)	Our actual costs	As incurred	You must indemnify and reimburse us, our affiliates, and our and our affiliates' owners, directors, managers, officers, employees, agents, successors, and assigns harmless against all claims arising from the development, ownership, and operation of your Center or your breach of the Franchise Agreement or the Management Agreement.
Costs and Attorneys' Fees	Our actual costs	As incurred	Payable only if we are the prevailing party in any relevant litigation or arbitration.
Reimbursement of cost of de-identification of premises	Our actual costs	As incurred	Payable if you fail to de-identify the premises of your Center upon the termination or expiration of Franchise Agreement. You must reimburse us the expenses incurred by us to de-identify and distinguish the appearance of the premises your Center premises from that of other NextHealth Centers after the expiration or termination of the Franchise Agreement, as necessary.
Lost Revenue Damages	Will vary. See Remark column for the formula for calculating on the Lost Revenue Damages	Payable within 15 days of termination of Franchise Agreement	Payable if we terminate the Franchise Agreement for your breach, or you terminate it without cause. Lost revenue damage is an amount equal to the net present value of the royalty payments that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of: (1) 36 months following the date of termination, or (2) the originally scheduled expiration of the term of the Franchise Agreement (the "Measurement Period"). See Note 3.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks¹</u>
<u>Royalty</u>	<u>9% of Gross Sales</u>	<u>Weekly (currently, every Friday)</u>	<u>See Note 1, 2, & 3.</u>
<u>Temporary Royalty due to Unauthorized Closure</u>	<u>Greater of: (i) the average of the royalty owed for the 3 royalty periods immediately preceding the temporary closure, or (ii) \$2,000 per week</u>	<u>Weekly, as incurred</u>	<u>See Note 1, 2, & 4.</u>
<u>Non-Compliance Fee</u>	<u>Increase of 1% to the rate of royalty payment</u>	<u>As incurred, Weekly</u>	<u>See Note 1, 2 & 5.</u>
<u>Medical Director Fee</u>	<u>\$3,000 per month, subject to increase upon notice.</u>	<u>Monthly</u>	<u>See Note 1 & 6.</u>
<u>Brand Fund Contribution</u>	<u>Currently 1% of Gross Sales, subject to increase upon notice up to the Marketing Expenditure Cap.</u>	<u>Payable at the same time and manner as royalty</u>	<u>See Note 1, 2 & 7</u>
<u>Local Marketing Expenditure</u>	<u>\$3,000 per month</u>	<u>Monthly</u>	<u>See Notes 1 & 8</u>
<u>Technology Fee</u>	<u>\$700 per month</u>	<u>Monthly</u>	<u>See Notes 1 & 9.</u>
<u>Reimbursement of 3rd Party Technology Fee</u>	<u>Our actual costs</u>	<u>Monthly</u>	<u>See Notes 1 & 10</u>
<u>Interest on Late Payment</u>	<u>Lesser of 1.5% per month or the maximum rate allowed by applicable state law</u>	<u>As incurred</u>	<u>See Notes 1 & 11</u>
<u>Insufficient Funds Service Fee</u>	<u>\$100 per occurrence</u>	<u>As incurred</u>	<u>See Notes 1 & 12</u>
<u>Initial Training Fees</u>	<u>\$5,000 per Nurse Practitioner; and \$2,500 per Aesthetic RN</u>	<u>As incurred</u>	<u>See Notes 1 & 13</u>
<u>Conference Registration Fee</u>	<u>Currently estimated to be \$999 to \$1,499 per person</u>	<u>As incurred</u>	<u>See Notes 1 & 14.</u>
<u>Reimbursement of costs associated with opening assistance</u>	<u>Our actual costs; will vary based on the circumstances</u>	<u>As incurred</u>	<u>See Notes 1 & 15.</u>
<u>Marketing Creative Service Fee</u>	<u>\$75 per hour, subject to an increase upon notice.</u>	<u>As incurred</u>	<u>See Notes 1 & 16.</u>
<u>Reimbursement of Mystery Shopper expenses</u>	<u>Our actual costs, estimated to be \$300 per mystery shopper</u>	<u>As incurred</u>	<u>See Notes 1 & 17.</u>
<u>Relocation Fee</u>	<u>\$15,000 per request</u>	<u>Due when you submit a proposed new location</u>	<u>See Notes 1 & 18.</u>
<u>Audit Fee</u>	<u>Cost of audit, plus understated royalty or Brand Fund contribution</u>	<u>Within 15 days of report receipt</u>	<u>See Notes 1, 3, 7 & 19</u>
<u>Franchise Agreement Transfer Fee</u>	<u>50% of our then-current initial franchise fee</u>	<u>As incurred</u>	<u>See Notes 1 & 20</u>
<u>Area Development Agreement Transfer Fee</u>	<u>\$20,000</u>	<u>As incurred</u>	<u>See Notes 1 & 21.</u>
<u>Successor Franchise Fee (Franchise Agreement)</u>	<u>50% of our then-current Initial Franchise Fee</u>	<u>Upon execution of a successor Franchise Agreement</u>	<u>See Notes 1 & 22</u>
<u>Management Fee</u>	<u>10% of Gross Sales earned during our period of management, plus our costs</u>	<u>As incurred</u>	<u>See Notes 1, 2 & 23.</u>
<u>Reimbursement of costs incurred in evaluating alternate product or vendor</u>	<u>\$2,000 per vendor; our actual costs for all other vendors and products</u>	<u>As incurred</u>	<u>See Notes 1 & 24.</u>

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks¹</u>
<u>Insurance Premium Reimbursement</u>	<u>Our actual costs</u>	<u>As incurred</u>	<u>See Notes 1 & 25.</u>
<u>Indemnification</u>	<u>Our actual costs</u>	<u>As incurred</u>	<u>See Notes 1 & 26.</u>
<u>Costs and Attorneys' Fees</u>	<u>Our actual costs</u>	<u>As incurred</u>	<u>See Notes 1 & 27.</u>
<u>Reimbursement of cost of de-identification of premises</u>	<u>Our actual costs</u>	<u>As incurred</u>	<u>See Notes 1 & 28.</u>
<u>Lost Revenue Damages</u>	<u>Will vary. See Remark column for the formula for calculating on the Lost Revenue Damages</u>	<u>Payable within 15 days of termination of Franchise Agreement</u>	<u>See Notes 1 & 29.</u>

Notes

NOTES

1. Uniform Fees. Except as otherwise noted, all fees are non-refundable and uniformly imposed unless, in our discretion, we agree to negotiate them.
2. Definition of Gross Sales. “**Gross Sales**” means all revenue generated from the operation of your Center (whether or not in compliance with the Franchise Agreement), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions), but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority, (2) the amount of any documented refunds and credits your Center in good faith gives to clients and your employees, and (3) the amount of any discounts from the advertised price that are given at the point of purchase and that are reasonable and, if applicable, are consistent with any discount policies that we may periodically announce as part of the System Standards. Revenue from the purchase or redemption of gift certificates, gift cards, loyalty, or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also include all insurance proceeds you receive to replace revenue that you lose from the interruption of your Center due to a casualty or other event covered by business interruption or similar insurance coverage. Gross Sales will not include revenue generated from Medical Services provided at your Center or by or under the supervision of the Medical Service Manager and Medical Director, but it will include the payments made to you by the Medical Service Manager for the non-medical administrative services you perform pursuant to the Management Agreement.
3. Royalty Fees. If any applicable law prohibits or restricts in any way your ability to pay, or our ability to collect, royalty or other amounts based on Gross Sales derived from the operation of your Center, then we will modify your payment obligations to us under the Franchise Agreement and revise the applicable provisions to provide the same basic economic effect to both us and you as currently provided in the Franchise Agreement. The frequency of royalty payment is subject to change.

If you fail to timely report Gross Sales and/or fail to report in the manner that we require, we may debit your account for 110% of the average of the last 3 Royalty payments and Brand Fund contributions that we debited. If the amounts that we debit from your account under this paragraph are less than the amounts you actually owe us (once we have determined the true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following week.
4. Unauthorized Closure Temporary Royalty. Charged if you temporarily close your Center without our consent and we do not otherwise exercise our right to terminate your Franchise Agreement. The Temporary Royalty is payable in the same manner as the regular royalty payment. Payment of a Temporary Royalty will not act as a cure of the default caused by the unauthorized closure and will not alter or impair any other rights we have under the Franchise Agreement.
5. Non-Compliance Fee. If you do not comply with your obligations under the Franchise Agreement, your royalty payment will be increased by 1% of Gross Sales, or estimated Gross Sales if you fail to timely report, until we have determined that you have cured your deficiencies and are compliant with all terms of your Franchise Agreement. This increase in the rate of royalty is intended to compensate us for additional expenses and certain losses that we will incur as a result of your non-compliance and is not a penalty or an expression of the total amount of such damages. Payment of this increased royalty does not cure the non-compliance that triggered its payment, and we are not limited in pursuing our other rights and remedies available under the Franchise Agreement.

6. Medical Director Fee. Under the Management Agreement, you must pay our affiliate a monthly Medical Director Fee to the Medical Service Manager for making a Medical Director available to you.
7. Brand Fund Contribution. Your contributions to the Brand Funds (as defined in Item 11) and your Local Marketing Expenditure (as defined in Item 11) will not exceed, in the aggregate, more than 5% of the Gross Sales of your Center (“Marketing Expenditure Cap”); provided, however, it is your responsibility to provide us with written notice if the required contributions to the Brand Funds and the Local Marketing Expenditure (together, the “Required Marketing”) exceeds the Marketing Expenditure Cap, and until we receive your written notice (the “Marketing Notice”), you will fully comply with the Required Marketing requirements, and no excess amounts will be refunded to you. If the Required Marketing exceeds the Marketing Expenditure Cap, you may, after we receive your Marketing Notice, reduce the required Local Marketing Expenditure, but only to the extent and for the time necessary to stay below the Marketing Expenditure Cap. You must immediately return to full compliance with Required Marketing once the Marketing Expenditure Cap is no longer exceeded. Subject to the Marketing Expenditure Cap, we may change the amount you contribute to the Brand Fund upon 30 days’ notice.
8. Local Marketing Expenditure. We may, upon written notice, require that you pay the amounts required to be spent by you for local marketing of your Center shall, instead, be paid to us or our appointed designee. Subject to the Marketing Expenditure Cap, we may change the amount you must spend on local marketing.
9. Technology Fee. Payment of this fee provides you with access to certain software or technology that is required for the operation of your Center. We may increase the Technology Fee upon notice to you based on our incurred costs.
10. Reimbursement of 3rd Party Technology Fee. If we pay certain fees on your behalf to 3rd party vendors of software and other technology, then, in addition to the Technology Fee, we may require you to reimburse the amount paid us on your behalf.
11. Interest on Late Payment. Interest will accrue on all amounts you owe us after their due date.
12. Insufficient Funds Service Fee. Payable if checks or drafts are returned or auto-debit requests declined due to insufficient funds.
13. Initial Training Fees. Your Managing Owner (as defined in Item 15), General Manager (as defined in Item 15), Nurse Practitioner, and Aesthetic RN (collectively, “Required Trainees”) and/or such other persons as we may designate periodically must also attend such additional and remedial training programs as we may periodically require, and you must pay us our then-current fee for providing additional training to your Required Trainees. If you replace any initial Required Trainee, the replacement personnel must complete, to our satisfaction, the applicable training program, within 30 days of hire.
14. Conference Registration Fee. If we or our affiliates require your owners, Required Trainees, or any other personnel to attend any annual meeting, or regularly scheduled conference organized by us and our affiliates, then you must pay the registration fee for such meeting or conference, regardless of the attendance by your attendee. You will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending such meetings and conferences on your behalf or at your request. This fee is subject to increase based on our and 3rd parties’ cost of providing such conference
15. Reimbursement of costs associated with opening assistance. We will not charge a fee for opening assistance we provide to you, but if we determine it to be necessary to increase or re-schedule our available resources to accommodate the timing of the opening of your Center or the kind or extent of assistance, we determine to be necessary, we may require that you reimburse our expenses associated with doing so. We reserve the right to charge if we determine you will need additional assistance and/or resources.
16. Marketing Creative Service Fee. Upon your request, we may design local marketing materials for your Center. You will be required to pay our then-current hourly rate, which will be capped at \$150 per hour. The amount of our current rate is subject to change.
17. Reimbursement of Mystery Shopper expenses. You must reimburse us for the cost of any mystery shoppers that we engage to inspect and /or evaluate your Center and the services rendered.

18. Relocation Fee. If you desire to relocate your Center, you must obtain our prior written approval and pay us the relocation fee. In addition, you are responsible for all costs to relocate including, but not limited to, marketing expenses, buildout, etc...
 19. Audit Fee. Payable if we conduct an audit because you failed to provide required reports or if a random audit reveals an understatement of Gross Sales of more than 2% or an underpayment of royalty or Brand Fund contributions. The cost of the audit includes fees payable to attorneys and independent accountants involved in the audit and the travel expenses, room and board, and compensation of our personnel involved in the audit.
 20. Franchise Agreement Transfer Fee. Payable to us for reviewing and approving a transfer of your Center-or to evaluate any other type of transfer as defined by your Franchise Agreement.
 21. Area Development Agreement Transfer Fee. Payable if you request us to approve a transfer of your future development rights or of a transfer of an ownership interests in you.
 22. Successor Franchise Fee. Payable if we approve you to enter into a successor franchise agreement for your Center. This fee shall be capped at \$60,000.00.
 23. Management Fee. Payable only if we assume management of your Center because of your abandonment, failure to comply with the Franchise Agreement, permanent death or disability, or our operation of the Center during any intermediate period upon the expiration or termination of the Franchise Agreement (while we decide whether to exercise our purchase option).
 24. Reimbursement of costs incurred in evaluating alternate product or vendor. Payable only if you request our approval of a new product or supplier that is not approved by us. Our costs will vary based on the type of product or supplier, the location of the supplier, and the nature of the new product or supplier.
 25. Insurance Premium Reimbursement. Payable only if you fail to obtain or maintain insurance, and we exercise our option to obtain or reinstate it for you, including, but not limited to, reimbursement for medical malpractice insurance.
 26. Indemnification. You must indemnify & reimburse us, our affiliates, and our & our affiliates' owners, directors, managers, officers, employees, agents, successors, & assigns harmless against all claims arising from the development, ownership, & operation of your Center or your breach of the Franchise Agreement or the Management Agreement.
 27. Costs & Attorneys' Fees. Payable only if we are the prevailing party in any relevant litigation or arbitration.
 28. Reimbursement of Cost of De-Identification of Premises. Payable if you fail to de-identify the premises of your Center upon the termination or expiration of Franchise Agreement. You must reimburse us the expenses incurred by us to de-identify and distinguish the appearance of the premises your Center premises from that of other Next Health Centers after the expiration or termination of the Franchise Agreement, as necessary.
 29. Loss Revenue Damages Calculations. Payable if we terminate the Franchise Agreement for your breach, or you terminate it without cause. Lost revenue damage is an amount equal to the net present value of the royalty payments that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of: (1) 36 months following the date of termination, or (2) the originally scheduled expiration of the term of the Franchise Agreement (the "Measurement Period").
- ~~3-~~ Lost Revenue Damages is calculated as follows: (1) the number of calendar months in the Measurement Period, multiplied by (2) the royalty fee percentage, multiplied by (3) the highest monthly Gross Sales of your Center during the 36 full calendar months immediately preceding the termination date (or, if the termination is based on your unapproved closure of your Center, the 36 full calendar months immediately preceding the closure date); provided, that if as of the termination date (or the closure date in light of the foregoing), your Center has not been operating for at least 36 months, the highest average monthly Gross Sales of all ~~Next~~ NextHealth Centers during the 36 months immediately preceding the termination date. Payment of Lost Revenue Damages will not alter or impair any other rights we have under the Franchise Agreement.

~~ITEM~~ITEM 7

ESTIMATED INITIAL INVESTMENT **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT
Your Estimated Initial Investment
(FRANCHISE AGREEMENT) **Franchise Agreement**

<u>TYPE OF EXPENDITURES</u> <u>TYPE OF EXPENDITURES</u> ¹	<u>Low AMOUNT</u>	<u>High AMOUNT</u>	<u>METHOD OF PAYMENT</u> <u>PA</u> <u>YMENT</u> <u>METHOD</u>	<u>WHEN DUE</u> <u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u> <u>PAYMENTS MADE TO</u>
Initial Franchise Fee ²	<u>\$40,000</u>	\$80,000	Lump Sum	Upon Signing Franchise Agreement	Us
Initial Training & Expenses Fee ³	<u>\$7,500</u>	\$15,000 \$20,000	As Incurred	As Incurred	Us and Third-party Suppliers
Initial Training Expenses ³	<u>\$1,500</u>	<u>\$5,000</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>3rd Party Suppliers</u>
Lease Rental & Security Deposit ⁴	<u>\$73,200</u>	\$73,200 \$109,200	As Arranged	On and Prior to Execution of Lease	Us and Landlord / Third-party <u>3rd Party Suppliers</u>
Lease Review Fee	<u>\$0</u>	<u>\$1,500</u>	<u>Lump Sum</u>	<u>As incurred</u>	<u>Us</u>
Architect & General Contractor Review Fee	<u>\$0</u>	<u>\$3,000</u>	<u>Lump Sum</u>	<u>As incurred</u>	<u>Us</u>
Architect Design Fee	<u>\$0</u>	<u>\$10,000</u>	<u>Lump Sum</u>	<u>As Incurred</u>	<u>Us</u>
Leasehold Improvements ⁵	<u>\$600,000</u>	\$600,000 \$900,000	As Incurred	As Arranged	Us and Landlord / Third-party <u>3rd Party Suppliers</u>
Furniture & Fixtures ⁶	<u>\$45,000</u>	\$40,000 \$55,000 <u>60,000</u>	Lump Sum	As Invoiced	Third-party <u>3rd Party Suppliers</u>
Equipment & Computer System Package ⁷	<u>\$360,000</u>	\$350,000 \$460,000 <u>400,000</u>	Lump Sum	As Invoiced	Us and Third-party & 3rd Party Suppliers
Technology Fee	<u>\$2,100</u>	<u>\$2,100</u>			
Medical Supplies ⁸	<u>\$180,000</u>	\$80,000 \$100,000 <u>200,000</u>	As Arranged	As Arranged	Third-party <u>3rd Party Suppliers</u>
Medical Director Fee	<u>\$3,000</u>	<u>\$3,000</u>	<u>As incurred</u>	<u>Monthly</u>	<u>Medical Services Manager</u>
Materials & Other Supplies ^{9,10}	<u>\$8,000</u>	\$8,000 —\$15,000	As Arranged	As Arranged	Third-party <u>3rd Party Suppliers</u>
Signage ^{10,11}	<u>\$20,000</u>	\$20,000 —30,000	Lump Sum	As Invoiced	Third-party <u>3rd Party Suppliers</u>
Insurance Fees ^{11,12}	<u>\$10,000</u>	\$10,000 \$15,000	As Arranged	As Arranged	Third-party <u>3rd Party Suppliers</u>
Permits & Licenses ^{12,13}	<u>\$5,000</u>	\$5,000 —\$10,000	Lump Sum	As Invoiced	Third-party <u>3rd Party Suppliers</u>

<u>TYPE OF EXPENDITURES</u> ¹	<u>Low AMOUNT</u>	<u>AMOUNT</u> ^{High}	<u>METHOD OF PAYMENT</u> ^{PA} <u>MENT</u> <u>METHOD</u>	<u>WHEN DUE</u> ^{WHEN} <u>DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u> ^{3rd Party} <u>PAYMENTS</u> <u>MADE TO</u>
Grand Opening Advertising Expenses ⁺¹⁴	<u>\$50,000</u>	\$50,000	As Incurred	As Invoiced	Third-party ^{3rd Party} Suppliers
Legal & Accounting Expenses ⁺¹⁵	<u>\$13,000</u>	\$13,000 \$15,000	As Incurred	As Invoiced	Third-party ^{3rd Party} Suppliers
Additional Funds – Initial Period ⁺¹⁶	<u>\$175,000</u>	\$346,000 \$400,000 ^{250,000}	As Arranged	As Required	Our affiliate, Third-party ^{3rd Party} Suppliers, and ^{&} Employees
TOTAL ⁺¹⁷	<u>\$1,593,300</u>				\$1,690,200 – \$2,259,200 ^{2,173,800}

Notes

NOTES:

- All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.
- Initial Franchise Fees. As noted in Item 1, we provide a discount on the initial franchise fee in exchange for a multi-unit commitment under an Area Development Agreement. Depending on the number of ~~Next~~ ^{Next} Health Centers you commit to developing under an Area Development Agreement, the initial franchise fee will be \$80,000 for each of the ~~first two~~ franchises, if committing to open and operate 1-2 Next Health Centers, \$60,000 for each ~~of the third and fourth franchises~~ franchise, if committing to open and operate 3 or 4 Next Health Centers, and \$40,000 for each ~~additional~~ franchise, if committing to open and operate 5 or more Next Health Centers, you agree to acquire under the Area Development Agreement.
- Initial Training Fees & Expenses. You may not open your Center until your Managing Owner, General Manager, Nurse Practitioner, and Aesthetic RN complete our initial training programs to our satisfaction. We do not charge a fee for providing initial training ~~to the initial batch~~ of your Managing Owner and General Manager; ~~however, you must pay us a training fee of~~ \$5,000 for each Nurse Practitioner and \$2,500 for each Aesthetic RN attending our initial training program (See Item 5). You will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, all persons attending the initial training program on your behalf or at your or our request. This range includes (i) the initial training fee for your replacement managing owner / general manager, required Nurse Practitioner and Aesthetic RN, and (ii) ~~and our estimate of the travel and living costs incurred by your trainees and the compensation that you may pay to your trainees while attending our initial training program.~~ Travel expenses may vary and are based on distance traveled, your mode or method of travel such as by airline or vehicle, the hotel selected, etc.
- Lease Rental & Security Deposits. The cost of acquiring or leasing premises for your Center will depend upon the market in which the proposed site is located and current market and economic conditions. A typical ~~Next~~ ^{Next} Health Center will be at least 2,000 sq. ft. and will typically not be more than 3,000 sq. ft., ~~but if~~ and will be located in a retail shopping complex, medical plaza, or in a stand-alone building in a retail environment. ~~You may~~ ^{You may} request approval of a site that is greater than 3,000 sq. ft., ~~your~~ ^{and any such} request ~~should be~~ will be evaluated on a case-by-case basis and should include supporting ~~by~~ ^{evidence of extenuating} factors such as favorable rental rates and surrounding demographics. This range includes a security deposit (which is between 1 to 3 months of rent), 3 months' rent after the opening of the ~~Next~~ ^{Next} Health Center, and the lease review fee of \$1,500, which is payable to us (See Item 5).
- Leasehold Improvements. Lease build-out requirements may include, but are not limited to, building walls, installing doors, building wall dividers, installing flooring, and building counters. This range excludes any tenant improvement

allowance that you may receive from your landlord. Based on Parent'sour System's recent experience, landlords have been willing to provide tenant improvement allowances of up to \$200 per square foot; however, there is no guaranty that your landlord will be willing to provide a tenant improvement allowance or, if so, how much it would be willing to provide or the conditions it will impose ~~on receiving it before it releases funds, such as requiring a lien release from your general contractor or any subcontractor, that you open and begin operating, obtain a Certificate of Occupancy ("COO"), etc.~~ This will be a matter of negotiation between your landlord and you. This range includes (i) the \$20,000 Construction Management Fee which is payable to us for the construction management services that we or our designee provides, and (ii) the fees we would charge ~~is~~if you seek our approval of an architect and general contractor that we have not previously approved (see Item 5).

6. ~~This~~Furniture & Fixtures. The range ~~includes the of~~ costs of purchasing and installing desk, chairs, cabinets, shelves, décor items, and other furniture and fixtures required to operate your Center. These costs may vary depending on the size of your Center.
7. Equipment & Computer System Package. This range includes (i) ~~\$324,400~~360,000 to \$400,000 that we will collect from you in connection with your purchase of the Equipment Package (see Item 5), and (ii) ~~the monthly Technology Fee of \$700 per month payable to us until the third month after your Center commences operations (see Item 5), and (iii)~~ the cost you will incur to purchase other required equipment and components of Computer System that are not included in the Equipment Package. We and our affiliates do not manufacture the Equipment Package or provide any warranties or guaranties regarding the performance of the items included in the Equipment Package. You may be required to periodically service, repair, refurbish, or replace any equipment, hardware, software, or computer components at your own expense.
8. ~~This range~~Medical Supplies. ~~i~~Includes the cost of a medical freezer, generator, ozone machine, IV hood, aesthetic treatment products, IV ingredients, and related medical supplies.
9. Medical Director Fee. This range includes the Medical Director Fee of \$3,000 per month payable to the Medical Service Manager (our affiliate) until the 3rd month after your Center commences operations (see Item 5).
10. ~~9. This range includes~~Materials & Other Supplies. The cost of office supplies and materials.
11. ~~10. Signage.~~ The cost of your interior and exterior signage will vary depending on the type, size number, and location of the signage, local government regulations, and even the position of your premises within a commercial building or complex.
12. ~~11. Insurance Fees.~~ This amount represents an estimated down payment of your annual insurance premiums. Your cost of insurance may vary depending on the insurer, the location of your Center, your claims history, services offered at your facility, the length of time your entity has been in existence, and other factors, such as lease insurance requirements.
13. ~~12. This range~~Permits & Licenses. ~~d~~Does not include the cost to maintain permits and licenses required to practice medicine because we do not require our franchisees to practice medicine in connection with the operation of their Center.
14. ~~13. Grand Opening Expenses.~~ You must handlemarket the grand opening of your Center with our assistance and approval and usinguse only pre-approved materials and programs ~~we, including online marketing efforts such as SEO, pay-per-click advertising, and costs for the use of Public Relations or advertising agencies as~~ approved by us. The amount you spend will not count towards your Marketing Expenditure Cap or local marketing expenditures for such year (see Item 6).
15. ~~14. This range includes the~~Legal & Accounting Expenses. ~~f~~Fees likely to be paid to lawyers and accountants for initial advice, creation of entities and governing documents, local licensing permits, and initial accounting set-up.
16. ~~15. This range includes the Medical Director Fee of \$2,500 per month payable to the Medical Service Manager (our affiliate) until the third month after your Center commences operations (see~~

~~Item 5) Additional Funds.~~ Our estimates of the amounts needed to cover your expenses during the initial period (3 months) after the opening of your Center includes: the cost of replenishing inventory, initial advertising and promotional expenditures, payroll for managers and other employees, uniforms, utilities, and other variable costs.

~~17. 16. This range is based~~ primarily on (i) the information provided to us by Parent based on its experience of developing and operating Next NextHealth Centers, and (ii) our own investigation of these costs, including using information provided to us by certain vendors. ~~The above estimates assume that you will timely perform all pre-opening obligations and commence operations of your Center within the time periods prescribed in the Franchise Agreement.~~

We and our affiliates do not finance any part of your investment to establish or operate your Next NextHealth Center. The estimated initial investment shown above to open a Next NextHealth Center does not include any finance charges, interest, or debt service obligations.

YOUR ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment

(AREA DEVELOPMENT AGREEMENT Area Development Agreement)

<u>TYPE OF EXPENDITURES</u> <u>TYPE OF EXPENDITURES</u>	<u>LOW AMOUNT</u>	<u>AMOUNT HIGH AMOUNT</u>	<u>METHOD OF PAYMENT</u> <u>AYMENT METHOD</u>	<u>WHEN DUE</u> <u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u> <u>PAYMENT TO BE MADE TO</u>
Development Fee ¹	\$120,000	\$90,000 – \$200,000 220,000	Lump Sum	Upon Signing Area Development Agreement	Us
TOTAL	\$120,000	\$90,000– \$200,000220,000			

Notes

NOTES:

- The entire investment required to acquire area development rights is payable to us and is not refundable. When you sign an Area Development Agreement, you will pay us the development fee in an amount equal to 50% of the initial franchise fee payable for the total number of Next NextHealth Centers necessary to satisfy the Development Schedule. Under the Area Development Agreement, we typically require developers to commit to developing a minimum of ~~32~~ 3 Next NextHealth Centers and a maximum of 10 Next NextHealth Centers (the exact number being qualified for and agreed upon before the Area Development Agreement is signed). Since we provide a discounted initial franchise fee for multi-unit development, the amount of the development fee you are required to pay will depend on the number of Next NextHealth Centers you commit to develop, calculated as follows:

<u>NUMBER OF NEXT Next HEALTH CENTERS</u>	<u>INITIAL FRANCHISE FEE FOR EACH</u>	<u>AMOUNT OF DEVELOPMENT FEE</u>
<u>2</u>	\$80,000	\$120,000
<u>3</u>	\$60,000	\$90,000 120,000
<u>4</u>	\$60,000	\$120,000 150,000
<u>5</u>	\$40,000	\$100,000 120,000
<u>6</u>	\$40,000	\$120,000 140,000
<u>7</u>	\$40,000	\$140,000 160,000
<u>8</u>	\$40,000	\$160,000 180,000
<u>9</u>	\$40,000	\$180,000 200,000
<u>10</u>	\$40,000	\$200,000 220,000

The development fee will increase by \$20,000 for each ~~Next~~ NextHealth Center in excess of 10 that you commit to develop. The development fee is not a deposit; however, we credit the portion of the development fee attributable to each franchise you agree to acquire toward payment of the initial franchise fee applicable to that particular franchise. We do not require that you make any other investment to acquire area development rights; however, concurrently with the execution of the Area Development Agreement, you must execute a Franchise Agreement for the ~~first~~^{1st} Next NextHealth Center to be developed in satisfaction of your development obligations under the Area Development Agreement. Please refer to the ~~first~~^{1st} table under Item 7 for the estimated initial investment to develop and open a ~~Next~~ NextHealth Center as of the date of this Disclosure Document.

~~ITEM~~ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards ~~and~~ Specifications:

~~Next~~ NextHealth Centers are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications regarding the provision non-medical services, each of which we may replace, further develop, or otherwise modify or discontinue periodically (collectively, the “System”). ~~In order to~~^{To} maintain the quality and uniformity of the customer experience and ~~the~~ products and services offered and sold at ~~NextHealth~~^{your} Centers, you must purchase our required equipment, supplies, ~~the~~ Computer System, furniture, fixtures, and signs~~sage~~ (collectively the “Operating Assets”) ~~utilized in offering and providing~~. The Operating Assets may be categorized as non-medical and medical products and services ~~at your Center, and will be utilized, as applicable, to offer both non-medical and medical products and services~~ in accordance with our System Standards. ~~You must purchase or lease, place, and install all Operating Assets used in connection with providing Medical Services in accordance with the Medical Standards.~~

We will not issue to you or to any approved suppliers (except as we deem necessary for purposes of production) the specifications for proprietary Operating Assets, if any. We will otherwise communicate our System Standards and the list of approved Operating Assets to you in the prototype architectural plans for a ~~Next~~ NextHealth Center, in the Operations Manual and otherwise in writing. We may periodically modify the System Standards upon notice to you. The Medical Director will not issue to you or to any approved suppliers the specifications for Operating Assets, and the Medical Director will periodically communicate and modify the Medical Standards in writing.

Approved or Designated Suppliers:

For all Medical Services, we require you to enter into a Management Agreement with ~~your affiliate~~^{designated professional corporation}. We may require you to purchase (i) all Operating Assets used in connection with the offer and sale of non-medical ~~products and services from suppliers approved or designed by us, which may include or be limited to us or our affiliates;~~ and (ii) ~~all Operating Assets used in connection with the offer and sale of~~^{and/or} Medical Services from suppliers approved or designated by the Medical Service Manager, which may include or be limited to us or our affiliates. We and the Medical Service Manager will provide you with a written list of approved and designated suppliers of all Operating Assets. If Speculative Medical Services are offered at your Center, then we may introduce you to vendors who provide goods or services related to one or more Speculative Medical Services in connection with your Center (each of whom you may freely elect to use in your sole and absolute discretion).

Currently, we require all franchisees to pay us/our affiliate for the Next NextHealth Equipment Package, which will be supplied by our designated ~~third-party~~^{3rd} party vendor; and purchase certain components of the Computer System from us and our affiliates. Except as described in this paragraph, we do not require our franchisees to purchase or lease any product or service from us or our affiliates.

As of the issuance date of this Disclosure Document (i) we have designated ~~third-party~~^{3rd} party vendors for the following products and services: certain components of the Computer System, IT services, architect services, realtor services, general contractor services; and (ii) the Medical Service Manager has designated a ~~third-party~~^{3rd} party vendor for the following products or services: medical equipment, pharmacy ingredients, and medical inventory. You must comply with all applicable laws while ordering, purchasing, stocking, and monitoring of any pharmaceuticals or other medical items and supplies that require a permit, licensure registration, certification, or identification number to order.

We estimate that approximately 90% to 95% of your initial investment and approximately 85% to 95% of your ongoing expenditures will be directed to purchase products and services that will be restricted by us, your Medical Service Manager, or Medical Director in some manner.

As of the issuance date of this Disclosure Document, our Chief Executive Officer owns an interest in our approved Medical Service Manager and suppliers of certain required software and certain pharmacy products.

Alternative Products, Services ~~and~~ Suppliers.

Evaluation of Operating Assets – Non-Medical Products & Services

If you wish to purchase any non-medical Operating Assets that we have not approved, or from any supplier that we have not approved, you must ~~first~~^{1st} notify us, in writing, using our product and vendor approval process and application. You must also submit to us the information and sample necessary for us to determine whether the proposed Operating Asset complies with our System Standards, and/or the proposed supplier meets our approved supplier criteria. We will notify you of our approval or disapproval of all proposed products, services or suppliers in writing to you within a reasonable time, typically within 30 days after receipt of the information from you or from the proposed supplier. In addition to paying us a non-refundable evaluation fee of \$2,000.00, ~~Y~~you must reimburse the cost incurred by us in evaluating your proposed suppliers or products and services. We may also impose limits on the number of suppliers, products, and services that we are willing to review. We maintain a list of criteria for reviewing and approving products, services, and suppliers; however, we do not issue these criteria to you. We may at any time revoke our approval of any approved Operating Asset or any supplier of Operating Assets upon written notice to you.

Evaluation of Alternative Operating Asset – Medical Services

If you wish to purchase any Operating Assets used in the provision of Medical Services that are not approved by, or from any supplier that is not approved by, ~~the~~^{your} Medical Service Manager, then you must seek the Medical Service Manager's written approval in accordance with the product and vendor approval process ~~set up~~^{established} by the Medical Service Manager.

Insurance-

~~You must maintain in force at your sole expense insurance policies for your Center as required under applicable law and in minimum types and amounts of coverage we require. As of the issuance date of this Disclosure Document, our insurance requirement is as follows:~~

~~(1) comprehensive general liability coverage in an amount of \$1,000,000 per occurrence and \$5,000,000 in the aggregate on an annual, per location basis;~~

~~(2) umbrella liability coverage in an amount of \$5,000,000 per occurrence and \$10,000,000 in the aggregate on an annual, per location basis;~~

~~(3) commercial auto/bodily injury coverage in an amount of \$1,000,000 per occurrence;~~

~~(4) cyber insurance coverage in an amount of \$1,000,000 per occurrence;~~

Before you open and begin operating your Center, you must purchase and maintain, at your expense, the required insurance type and coverage necessary to operate your Center. You must maintain such insurance policies for your Center as required under applicable law and in minimum types and amounts of coverage we require, as outlined in our Operations Manual, which may be periodically updated. You must maintain this insurance coverage during the entire term of your Franchise Agreement.

~~(5) directors' and officers' liability coverage in an amount of \$1,000,000 per occurrence;~~

~~(6) you also must maintain workers' compensation insurance for your employees in accordance with laws applicable in the jurisdiction of your Center; and~~

~~(7) malpractice insurance coverage in an amount of \$2,000,000 per occurrence.~~

The insurance coverages, listed in the Standard Operating Procedures ("SOPs"), are required as a baseline for all locations. You may shop the insurance marketplace and source your policies through reputable broker(s) of your choice. All insurance coverage must: (i) be primary and noncontributory and be issued by a reputable insurance carrier(s) acceptable to or approved by us; and, (ii) be underwritten by a business licensed to operate in the state in which your Center is located and the insurance provider must have a rating of at least A in the most recent *Key Rating Guide*, or *A.M. Best's Insurance Report*, or such other rating guide relied upon by the industry. Although we may refer you to an insurance professional, our recommendations are not an endorsement of the insurer or the underlying policy

We may periodically change the amounts of coverage required under these insurance policies or require different or additional insurance coverages at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances, industry standards, experiences in the Next Health System, etc. These insurance policies must name us ~~and~~, any affiliates and any other persons or entities we designate as additional named insureds, using a form of endorsement that we have approved, and provide ~~for~~ 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. All required insurance coverage must commence before you attend initial training (as described in Item 11), and you must provide proof of the same. You routinely must furnish us with copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. We reserve the right to request copies of all policies and to provide proof that your coverage is valid and in full force and effect. We may also require that you provide evidence of continued insurance coverage upon renewal or extension of your franchise term. The requirements stated in this Disclosure Document, the Operations Manual, and the Franchise Agreement are minimums only, and you are encouraged and required to

[review whether additional or different coverage may be appropriate or required in your jurisdiction and Center.](#)

Purchase Arrangements, Material Benefits and Revenue

While we may do so in the future, as of the issuance date of this Disclosure Document, we and our affiliates have not entered into any agreement with any of the designated or approved suppliers of Operating Assets pursuant to which we or our affiliates could derive revenue or other material consideration (e.g., rebates) based on franchisee purchases from such suppliers. During ~~2023~~2024, we and our affiliates did not derive any revenue from direct sale of goods and services to the franchisees.

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for the System. As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

We do not provide any material benefits to our franchisees based on their use of designated or approved suppliers.

~~ITEM~~ **ITEM 9**
~~FRANCHISEE'S OBLIGATIONS~~ **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.

OBLIGATION	SECTION IN	ITEM IN DISCLOSURE DOCUMENT
<u>OBLIGATION</u>	<u>FRANCHISE AGREEMENT SECTION</u>	<u>FRANCHISE AGREEMENT SECTION</u>
<u>a.</u>	<u>A.</u> Site selection and acquisition/ lease	Section 3
<u>b.</u>	<u>B.</u> Pre-opening purchases/leases	Sections 3-B and 3.2 & 9
<u>c.</u>	<u>C.</u> Site development and other pre-opening requirements	Sections 3 and 9
<u>d.</u>	<u>D.</u> Initial and ongoing training	Section 5
<u>e.</u>	<u>E.</u> Opening	Sections 3 and 10.A & 10.1
<u>f.</u>	<u>F.</u> Fees	Sections 3 and 5.C(10) & 5.3.10

	OBLIGATION		SECTION IN		ITEM IN DISCLOSURE DOCUMENT	
	<u>OBLIGATION</u>		<u>FRANCHISE AGREEMENT SECTION</u>	<u>AREA DEVELOPMENT AGREEMENT SECTION</u>	<u>MANAGEMENT AGREEMENT SECTION</u>	<u>DISCLOSURE DOCUMENT SECTION</u>
			<u>13.3.13, 14.1.6 & 16.3</u>			
<u>g.</u>	G. Compliance with standards and policies / operating manuals		Sections 5.F, <u>5.G</u> <u>5.6, 5.7,</u> 6, 7, 9 and <u>10.D & 10.4</u>	Not Applicable N/A	Sections 2.B, 2.C, and <u>2.2, 2.3, & 5</u>	Items 8, 11 and <u>14</u>
<u>h.</u>	H. Trademarks and proprietary information		Sections 5.F <u>5.6,</u> 6 and <u>7</u>	Section 2.F <u>2.6</u>	Section 5	Items 13 and <u>14</u>
<u>i.</u>	I. Restrictions on products/services offered		Sections 9.D and <u>9.E</u> <u>9.4 & 9.5</u>	Not Applicable N/A	Sections 2 and <u>3</u>	Items 8, 11, 12, and <u>16</u>
<u>j.</u>	J. Warranty and customer service requirements		Sections 9.F <u>9.6</u>	Not Applicable N/A	Section 10.H <u>10.7</u>	Not Applicable N/A
<u>k.</u>	K. Territorial development and sales quotas		Not Applicable N/A	Section 2.C <u>2.3</u>	Not Applicable N/A	Item 12
<u>l.</u>	L. Ongoing product / service purchases		Section 9	Not Applicable N/A	Sections 3.D, 3.E, <u>3.F,</u> and <u>3.G</u> <u>3.4, 3.5, 3.6, & 3.7</u>	Items 8 and <u>11</u>
<u>n.</u>	M. Maintenance, appearance and remodeling requirements		Sections 3.B and <u>9.B</u> <u>3.2 & 9.2</u>	Not Applicable N/A	Not Applicable N/A	Items 8 and <u>11</u>
<u>n.</u>	N. Insurance		Section 9.G <u>9.7</u>	Not Applicable N/A	Section 6	Items 6, 7 and <u>8</u>
<u>o.</u>	O. Advertising		Section 10	Not Applicable N/A	Not Applicable N/A	Items 6, 8 and <u>11</u>
<u>p.</u>	P. Indemnification		Section 17.C <u>17.3</u>	Section 8.B <u>8.2</u>	Section 9	Item 6
<u>q.</u>	Q. Owner's participation / management / staffing		Sections 1.B <u>1.2,</u> 5 and <u>9.A & 9.1</u>	Section 1.B <u>1.2</u>	Section 3.G <u>3.8</u>	Items 11 and <u>15</u>
<u>r.</u>	R. Records and Reports		Section 11	Section 4	Sections 2.C, 2.D, <u>3.E, 3.H,</u> and <u>2.3, 2.4, 3.5, 3.7, & 7</u>	Items 6 and <u>11</u>
<u>s.</u>	S. Inspections and audits		Section 12	Not Applicable N/A	Section 7	Items 6 and <u>11</u>
<u>t.</u>	T. Transfer		Section 13	Section 5	Section 11.B <u>11.2</u>	Items 6 and <u>17</u>
<u>u.</u>	U. Renewal		Section 14	Not Applicable N/A	Not Applicable N/A	Items 6 and <u>17</u>
<u>v.</u>	V. Post-termination obligations		Section 16	Section 7	Section 8.D <u>8.4</u>	Item 17
<u>w.</u>	W. Non-competition covenants		Sections 8, 16.A(7) and <u>16.D</u> <u>16.1.7 & 16.4</u>	Not Applicable N/A	Not Applicable N/A	Item 17
<u>x.</u>	X. Dispute Resolution		Section 18	Section 9	Section 10	Item 17
<u>y.</u>						Item 15

	OBLIGATION	SECTION IN			ITEM IN DISCLOSURE DOCUMENT
	<u>OBLIGATION</u>	<u>FRANCHISE AGREEMENT</u>	<u>AREA DEVELOPMENT AGREEMENT</u>	<u>MANAGEMENT AGREEMENT</u>	<u>DISCLOSURE DOCUMENT SECTION</u>
	Y. Guaranty	Attachment A Appendix B	Attachment A Appendix B	Not Applicable N/A	
<u>Z.</u>	Z. Security Interest	Section 19.A <u>19.1</u>	Not Applicable N/A	Not Applicable N/A	Item 9

ITEM 10
FINANCING

We and our affiliates do not offer any direct or indirect financing. We and our affiliates do not guarantee your notes, leases, or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, & TRAINING
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING
Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations ~~—(Franchise Agreement.)~~

Before you open your Center, we will provide you with the following assistance:

- ~~1) approve or reject the~~ Evaluating any proposed sites for your Center based on our then-current criteria, including factors such as demographics, proposed rental rates, neighborhood and nearby business counts and characteristics, nearby residential populations, traffic count, accessibility, parking, visibility, signage, and competition, and then approve or disapprove a proposed site.

While we are not required under the Franchise Agreement to notify you as to whether the site has been approved or rejected within a certain time frame, we typically approve or reject proposed sites within 30 days of our receipt of all information reasonably required by us to evaluate a proposed site.

If we provide you construction management services, then we will assist you with (i) site selection, (ii) selection and appointment of an architect and general contractor, (iii) review of construction bids, (iv) supervision of construction, and (v) general oversight of the construction process to ensure compliance with the System Standards; however, ~~(ia)~~ we do not generally own the premises and do not sublease it our franchisees; and ~~(#b)~~ it is entirely your responsibility to find a suitable site for your Center that is acceptable to us and to negotiate the lease terms (Franchise Agreement, Sections ~~3.A and 3.C~~ 3.1 & 3.3);

2. ~~2)~~ For the Lease Review Fee listed above, review, evaluate against our then-current criteria, and approve or reject your proposed lease and space plans and drawings (Franchise Agreement, Section ~~3-A~~3.1);
3. ~~3)~~ Provide initial training to your Required Trainees and other attendees at our headquarters or another location designated by us. You are responsible for all related training costs including salaries, wages, fringe benefits, travel, lodging, meals, and living expenses. You may train additional persons at your expense with our consent. Any new or replacement Managing Owner (as defined in Item 15), General Manager (as defined in Item 15), Nurse Practitioner, and Aesthetic RN must complete the initial training program. (Franchise Agreement, Section ~~5-A~~5.1);
4. ~~4)~~ Provide access to our Operations Manual and SOPs. The Operations Manual and SOPs will be made available through our website or otherwise, are considered confidential and proprietary, and may be updated periodically. (Franchise Agreement, Section ~~5-F~~5.6);
5. ~~5)~~ Provide ~~prototype plans and written specifications for all required~~ you with our list of approved products and suppliers for the products, goods, merchandise, supplies, signs, furniture, fixtures, equipment, and services; and assist in acquiring all necessary equipment (including the computer system), furniture, fixtures, signs and lists of approved suppliers or vendors. We may supplement this list in our Operations Manual and/or SOPs (Franchise Agreement, Sections ~~3-B and 3.2~~ & 9); ~~and~~
6. ~~6)~~ Facilitate your purchase of the Equipment & Computer System Package from our approved ~~third-party~~^{3rd} party vendors by placing the initial orders for the items that comprise the Equipment Package, ~~collecting (due from you - \$324,400,360,000 to \$400,000)~~ and in turn, pay to the appropriate vendors the price of the items they sell to you. We do not provide, deliver, or install any equipment, signs, fixtures, opening inventory, and supplies to you (Franchise Agreement, Section ~~9-E~~9.5);
7. We will define your Territory, which you will operate in so long as you are not in default of the Franchise Agreement (Franchise Agreement, Appendix I).
8. Set up your microsite or webpage, which will be linked to our Next Health website (Franchise Agreement, Section 9.4).

While we are not obligated to, we may provide on-site opening assistance to you (Franchise Agreement, Section ~~5-C~~5.3);

Our Pre-Opening Obligations ~~-(Area Development Agreement-)~~

After you sign an Area Development Agreement, ~~but~~and before you open a ~~Next~~ Next Health Center, we or our affiliates will provide you the following assistance:

1. ~~1)~~ Review, evaluate and approve/reject sites proposed by you for ~~a~~each Next ~~Next~~ Health Centers to be developed pursuant to ~~the~~your Area Development ~~Agreement and designate a protected area (if any) for the approved site using our then-current standards and issue you a Franchise~~ Agreement. If we approve a proposed site, within 15 days of approval, you (or your

affiliate) must timely sign a separate Franchise Agreement for the site. (Area Development Agreement, Sections ~~2.D~~2.4 and ~~2.E~~2.5); and

2. Designate a protected area (if any) for the approved site using our then-current standards and issue you a Franchise Agreement.

Opening of Your Center:

The typical length of time between signing the Franchise Agreement and opening the ~~Next~~ Next Health Center is between 9 and ~~15~~16 months. Factors that affect the time to open ~~Next~~ Next Health Centers include obtaining a satisfactory site, financing arrangements, lease negotiations, local ordinances, delivery and installation of equipment, and renovation of the premises. You must open your Center no later than ~~the earlier of:~~ (i) 300 days (10 months) after you sign the lease of your Center, or (ii) 480 days (16 months) after the ~~e~~Effective ~~d~~Date of the Franchise Agreement. If you fail to open your Center within this time, we may terminate the Franchise Agreement and retain the entire franchise fee.

Our Post-Opening Obligations – Franchise Agreement.

During the operation of your Center, we or our affiliates will:

- ~~1) a~~1. a Allow you to use the Marks and System, based on the terms in your Franchise Agreement (Franchise Agreement, Section 6);
~~2) administer the Brand Fund until it is terminated (Franchise Agreement, Section 10.B);~~
- ~~2) p~~2. p Provide you with our System Standards and other suggested standards, specifications and procedures governing the offer and sale of non-medical products and services at ~~Next~~ Next Health Centers (Franchise Agreement, Section ~~5.E~~5.6); ~~and~~
- ~~3) p~~3. p Provide you with a list of authorized vendors and suppliers for the products, goods, merchandise, supplies, signs, furniture, fixtures, equipment and services (Franchise Agreement, Section ~~9.E~~9.5);
4. Periodically, update the Operations Manual and make these updates available to you through electronic means. You are required to ensure that your Operations Manual is always current and up to date. The Operations Manual and the information contained therein are confidential and remain our property during and after your franchise term and any renewal (Franchise Agreement, Section 4.6); and
5. Provide you with general marketing and promotional assistance. We have the right to approve or disapprove all marketing materials that you propose to us (Franchise Agreement, Section 9).

We may provide additional or remedial training to your Required Trainees or other persons as we deem fit (Franchise Agreement, Section ~~5.D~~5.4). We may, subject to applicable laws, also set the maximum and minimum prices charged and advertised for the services provided at your Center (Franchise Agreement, Section ~~9.K~~9.11).

Our Post-Opening Obligations – Area Development Agreement.

We are not obligated to provide any post-opening assistance under the Area Development

Agreement.

Advertising and Promotion Programs.

Our Advertising Obligations

Other than administering the Brand Fund (as defined below), we have no obligation to advertise the Brand or ~~Next~~ NextHealth Centers. However, if we choose to advertise the Brand or ~~Next~~ NextHealth Centers, we may (i) use any form of media with local, regional, or national coverage, and (ii) create such marketing materials in-house or outsource this task to an outside advertising agency. We have no obligation to spend any amount on advertising the Brand or ~~Next~~ NextHealth Centers in the area or territory where your Center is located. Upon your request, we may design local marketing materials for your Center and require you to pay our then-current Marketing Creative Service Fee (currently \$75 per hour) to provide such service to you.

While we encourage you to advertise your Franchised Business, you are prohibited from producing or doing any Public Relations (“PR”) efforts in relation to the Next Health brand not expressly pre-approved by us in writing. If you, your owners or your staff release any PR that is not pre-approved by us in writing, you may be deemed in default of your Franchise Agreement.

Franchisee Advisory Council

As of the issuance date of this Disclosure Document, there is no franchisee advisory council; however, we may form one in the future.

Cooperative Advertising

We do not require our franchisees to participate in marketing cooperatives.

Brand Fund

We have established a marketing fund for the Brand (the “Brand Fund”), and we currently require all franchisees to contribute 1% of their ~~Next~~ NextHealth Center’s Gross Sales to the Brand Fund in the same manner and frequency as the royalty payments. Subject to the Marketing Expenditure Cap described in Item 6, we may, upon written notice to you, change the amount of your Brand Fund contribution. ~~Next~~ NextHealth Centers owned by our affiliates are not required to, but currently intend to, contribute to the Brand Fund at the same rate at which we require our franchisees to contribute.

We or our designee will administer the Brand Fund. However, neither we nor any of our affiliates has any fiduciary obligation to you or any other person for administering the Brand Fund or for any other reason. We will have exclusive control over all programs and services administered by the Brand Fund.

We will prepare an annual unaudited statement of collection and expenses made by the Brand Fund collections. ~~We~~ Although we are not required to do so, ~~but~~ we may have the Brand Fund audited annually by an independent certified public accountant. We may, upon written request to you, provide the financial statement prepared for the Brand Fund’s then most recently ended fiscal year. We will account for the Brand Fund separately from our other funds and the Brand Fund will not be our asset.

No franchised [Next Next](#)Health Centers were in operation as of December 31, ~~2023~~[2024](#), so the Brand Funds received no contributions and spent no money during the fiscal year ~~2023~~[2024](#).

The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If the Brand Fund does not spend all the contributions received by it in any given fiscal year, then it may roll over the balance funds for use in the future. If we terminate the Brand Fund, we will, at our option, either spend all unspent monies ~~in accordance with this Section~~ until such amounts are exhausted or distribute the funds in the Brand Fund to [Next Next](#)Health franchisee owners on a pro rata basis.

We do not use any portion of the Brand Fund contribution to principally solicit franchisees. However, the Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any online presence or other software or applications; administering advertising and marketing campaigns; administering regional and multi-regional marketing and advertising programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, [Next Next](#)Health brand, and/or [Next Next](#)Health Centers. We may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time.

We intend for the Brand Fund to promote the applicable Marks, the [Next Next](#)Health franchise system, [Next Next](#)Health Centers, and the Brand generally. As such, there is no guarantee that you or your Center will benefit from Brand Fund expenditures directly or in proportion to your Brand Fund contribution. You further acknowledge and agree that the results of any marketing and promotional programs are by their nature uncertain, and that neither we nor any of our affiliates or representatives have guaranteed the results of any Brand Fund programs, services, or expenditures in any manner.

We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to this Section.

Local Marketing Expenditure

We may require that you spend certain minimum amounts to advertise and promote your Center ("Local Marketing Expenditure"). The current Local Marketing Expenditure is \$3,000 per month; however, we may periodically change the amount of your minimum Local Marketing Expenditure upon notice to you (subject to the Marketing Expenditure Cap). Within 30 days after the end of each calendar quarter, you must send to us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding month unless we served as the pass-through agent for your expenditures. Your local advertising and promotion must follow our guidelines.

We may require that the amounts required to be spent by you towards Local Marketing Expenditure shall, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts, in accordance with local marketing guidelines and programs that we periodically develop, to advertise and promote your Center on your behalf.

You must obtain (i) our written approval of all advertising and marketing materials that you intend to use in connection with your Center, and (ii) your Medical Director's written approval of all information regarding Medical Services that is included in the advertising and marketing materials of your Center. All such materials must be completely clear, factual, ethical, not misleading, and must conform to our marketing and advertising policies that we periodically prescribe and applicable laws. All advertising and marketing materials that you intend to use in connection with your Center must clearly state that all Medical Services are provided and/or supervised, as required under applicable laws, by licensed healthcare professionals. You must submit to us, for our approval, samples of marketing materials you intend to use at least 10 days prior to your proposed use. If you do not receive our written approval of the materials within 10 days of your submission, they are deemed to be disapproved. We may withdraw our approval if a regulatory or other issue arises that, in our opinion, makes such withdrawal in our or the System's best interests. Our approval of any advertising and marketing material is entirely for our own benefit and may not be relied upon as indications of any kind, including compliance of such materials with applicable laws.

Online Presence

The term "Online Presence" means any website, domain name, email address, social media account, username, other online presence or presence on any electronic medium of any kind that refers to your Center, the Marks, us, or the [Next NextHealth](#) franchise system. You may neither establish any Online Presence related to the Marks (as defined in Item 13), [Next NextHealth](#) Centers, or the System nor promote your Center or any products or services or make any use of the Marks or any Online Presence without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate. If we approve the use of any such Online Presence in the operation of your Center, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other ~~third-party~~^{3rd} party websites or other Online Presence. Unless we specify otherwise, we will own the rights to such Online Presence, and to take whatever action (including signing assignment-~~of~~, other documents [or providing us with account access](#)) we request to evidence of our ownership of such Online Presence or help us obtain exclusive rights in such Online Presence. You must list and advertise your Center on all major internet search engines and on any other Online Presence or directories we require or authorize.

We may, but are not obligated to, provide you with a webpage or other Online Presence that references your Center on any system website, upon which, you must: (i) provide us the information and materials we request to develop, update, and modify the information about your Center; (ii) notify us whenever any information about your Center is not accurate; and (iii) pay our then current initial fee and monthly maintenance fee for the Online Presences that are dedicated to your Center. You acknowledge that we have final approval rights over all information on any system website. If you default under the Agreement, we may, in addition to our other remedies, temporarily remove references to your Center from any system website until you fully cure the default. All advertising, marketing, and promotional materials that you develop for your Center must contain notices of the system website's domain name in the manner we designate.

Grand Opening Advertising

In addition to your other advertising obligations, we will require you to spend at least \$50,000 on a grand opening marketing program for your Center to take place on the dates we designate before and after your Center opens. You must spend this amount in addition to all other amounts you must spend on advertising specified above, and the amount you spend on grand opening advertising will not count towards your Local Marketing Expenditure for such year, or your Marketing Expenditure Cap.

Computer Hardware ~~and~~ Software.

You must purchase an entire computing system that meets the System Standards and the Medical Standards (“Computer System”). The Computer System currently consists of software, point-of-sale system, cash drawers, printers, cash-counter, tablets and label printer, music player, a personal computer including Microsoft Office, a managed switch, video monitors and camera server, remote printers, magnetic swipe-card, pin or chip readers, DSL or other high-speed connections, managed security services, firewall, office printer/scanner, related cabling and a maintenance contract. The cost of the Computer System is between \$15,000 and \$25,000.

Subject to laws that regulate access to patient information, we will have the ability to independently access your Computer System at all times, including all data stored therein, including customer data. We and our affiliates have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. You must upgrade your Computer System when we decide it to be necessary and at your own cost. There are no contractual limitations on our ability to update System Standards or on the Medical Service Manager’s ability to update the requirements for the Medical Standards related to the Computer System. We estimate your annual cost of required maintenance, updating, upgrading, and support contracts with ~~third~~^{3rd} parties related to your Computer System will be in the range of \$2,500 to \$5,000, which is in addition to the monthly Technology Fee (currently \$700 per month) that you will pay to us.

Operations Manual.

We provide information about our System Standards through our online operations manual (the “Operations Manual”), which may include ~~one~~(1) or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media, or written materials. Our current Operations Manual has 238 pages, as well as a collection of electronic SOPs, totaling 10 sections. We have provided the table of contents as Exhibit F.

Training Program.

Currently, we conduct training programs once a month, but we may change the frequency of the program as we deem appropriate. We may conduct any training program in-person and/or virtually. No later than ~~eight~~(8) weeks before the scheduled opening of your Center, your Required Trainees (i.e., your Managing Owner, General Manager, Nurse Practitioner, and Aesthetic RN) must complete our initial training program to our satisfaction. We do not charge any fee for providing initial training to your initial Managing Owner and your initial General Manager; however, you must pay us ~~the following amount~~ \$7,500 for any replacement Managing Owner or General Manager, as well as for providing initial training to your Nurse Practitioner and Aesthetic RN: (\$5,000 per Nurse Practitioner ~~and~~ \$2,500 per Aesthetic RN). Any replacement or substitute Required Trainee must complete initial training for their

respective positions to our satisfaction prior to serving in such positions, but no later than 30 days after hire, and may charge a fee for any initial training provided to any replacement or successor Required Trainees (currently, we charge \$5,000 per Nurse Practitioner; \$2,500 per Aesthetic RN; ~~and we do not currently charge a fee for providing initial training to your replacement Managing Owners or General Managers but we reserve the right to do so~~).

Your Required Trainees and such other persons as we may designate from time to time must attend such additional or remedial training programs and seminars as we may offer periodically, and you must pay our then-current training fee for any additional or remedial training designated by us or requested by you.

Each of your Owners, Required Trainees, and such other persons we require must attend all meetings and conferences, including regional and national conferences of persons involved in the ownership or operation of Next NextHealth Centers (each a “Conference”) that we periodically designate. ~~You will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending such Conferences on your behalf or at your request.~~ You must pay us the registration fee we charge for attendance at each Conference organized by us or our affiliates, which fee will be due and payable regardless of whether any required attendee actually attends the particular Conference.

You are responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending any training program or conference on your behalf or at your or our request.

We may provide on-site assistance with the initial opening of your Center. We will determine the timing, the identity of the person(s) providing, and the length of such assistance. We will not charge a fee for providing opening assistance, but if we determine it to be necessary to increase or re-schedule our available resources to accommodate the timing of the opening of your Center or the kind or extent of assistance, we determine to be necessary, we may require that you reimburse our expenses associated with doing so. Our personnel supporting your Center’s opening will not be responsible for the operation of your Center or providing or supervising Medical Services at your Center.

As of the date of this Disclosure Document, we provide the following initial training:

TRAINING PROGRAM			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
<u>SUBJECT</u>	<u>CL</u> <u>ASSROOM</u> <u>TRAINING HOURS</u>	<u>O</u> <u>N-THE-JOB</u> <u>TRAINING</u> <u>HOURS</u>	<u>LOCATION*</u>
GM Operations	16	8	At our principal office or at a mutually agreed location in California <u>Next Health Corporate Office</u>
Nurse Practitioner Medical	8	32	At our principal office or at a mutually agreed location in California <u>Next Health Corporate Office</u>
Aesthetic Training	8	32	At our principal office or at a

			mutually agreed location in California <u>Next Health Corporate Office</u>
HR Operations	6	2	At our principal office or at a mutually agreed location in California <u>Next Health Corporate Office</u>
Sales and Marketing	12	2	At our principal office or at a mutually agreed location in California <u>Next Health Corporate Office</u>
Technology	6	2	At our principal office or at a mutually agreed location in California <u>Next Health Corporate Office</u>
TOTAL	56	78	At our principal office or at a mutually agreed location in California

* Training will be provided at the Next Health Corporate Office in West Hollywood, CA or another location selected by us, at our option.

Training is conducted and supervised by (i) Kai Belveal (Training and Development Manager), who has ~~seven (7)~~ years of experience in the subjects taught and has ~~seven (7)~~ years of experience with us or our affiliates; (ii) Will Craig (Director of Sales), who has ~~five (5)~~ years of experience in the subjects taught and has ~~three (3)~~ years of experience with us or our affiliates; (iii) ~~Jessica Brewer (Clinic Dr. Moushumi Shoma Datta-Thomas (Director —PA-Cof Clinical Operations))~~, who has ~~eight (8)~~ 12 years of experience in the subjects taught and has over ~~one (1)~~ year of experience with us or our affiliates; and (iv) Ross Callahan (Registered Nurse (NCLEX-RN) Skin Care and Aesthetic Expert) who has ~~eleven (11)~~ years of experience in the subjects taught and has ~~seven (7)~~ years of experience with us or our affiliates.

Training materials include management training program materials, team member training materials and the Operations Manual. The initial training program is designed to cover all phases of the operation of Next ~~Next~~ Health Centers. Any individual attending the training who has not signed the form of Guaranty and Assumption of Obligations attached to the Franchise Agreement must execute a confidentiality agreement in the form provided by us. Any training or training materials provided by us or on our behalf relates solely to the performance of activities not regulated by laws governing the provision of Medical Services. Under no circumstances shall any training and/or assistance provided by us or on our behalf constitute the practice of medicine or the performance of Medical Services.

~~ITEM~~ **ITEM 12**
~~TERRITORY~~ 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, except as described in this Item 12, so long as you are in compliance with the terms of your Franchise Agreement, we will not, during the term of the Franchise Agreement, operate or authorize anyone else to own or operate a Next NextHealth Center within the “Designated Area” identified in your Franchise Agreement, and so long as you are in compliance with the terms of your Area Development Agreement, we will not, during the term of the Area Development Agreement, operate or authorize anyone else to own or operate a Next NextHealth Center in the Development Agreement, the agreement will identify the Site Selection Area identified in the Area Development Agreement. These are referred to as your “Territorial Protections.”

If, however, when the Franchise Agreement is signed, the premises have not yet been approved and the Designated Area has not yet been agreed upon, you must, within 90 days after the execution of the Franchise Agreement, locate and obtain our approval of the premises for your Center. If we are unable to agree on the premises or Designated Area within this timeframe, then we may terminate the Franchise Agreement

Determination of ~~Development~~Site Selection Area and Designated Area.

If you and we sign an Area Development Agreement, the agreement will identify the DevelopmentSite Selection Area in which you will be authorized to search for proposed premises and in which all of the Next NextHealth Centers you develop (each pursuant to an individual Franchise Agreement) will be located. We will review and approve/reject sites proposed by you for all Next NextHealth Centers to be developed pursuant to the Area Development Agreement and designate a protected area (if any) using our then-current standards before issuing you each Franchise Agreement. ~~Each Franchise Agreement that you and we sign will identify the address for the premises that you have proposed and that we have approved for the location of the Center and, if applicable, an area surrounding the Center that we have approved to be your Center’s “Designated Area.” If, however, when the Franchise Agreement is signed (most likely the first Franchise Agreement signed pursuant to an Area Development Agreement), the premises have not yet been approved and the Designated Area has not yet been agreed upon, you must, within 90 days after the execution of the Franchise Agreement, locate and obtain our approval of the premises for your Center. If we are unable to agree on the premises or Designated Area, we may terminate the Franchise Agreement, as applicable.~~

There are no minimum requirements regarding the size or configuration of DevelopmentSite Selection Areas or Designated Areas, but in each case we consider factors such as demographics (for example, number of people living and working in the area, income levels, and buying habits), other similar and complementary businesses and destinations in the area, traffic patterns and natural barriers impacting how people get to and move within the area, availability of potential sites, likely trade areas, and growth trends. Development Site Selection Areas and Designated Areas are typically described on a map attached to the Area Development Agreement or Franchise Agreement, as applicable, but may also be identified by other means including, for example zip codes, market service areas (“MSAs”) or designated marketing areas (“DMAs”), streets, or official city or county boundaries.

Each Franchise Agreement that you and we sign will identify the address for the premises that you have proposed and that we have approved for the location of the Center and, if applicable, an area surrounding the Center that we have approved to be your Center’s “Designated Area.”

The exact Designed Area, which will be more specifically defined after lease signing, excluding any prior existing Franchisees' territories to encompass a 3-mile radius, with the following considerations: geographical boundaries, cultural demographics, household income, population count, age, traffic/trip count, daytime population, competition, housing density and permit and zoning regulations. If the Site Selection Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions. To the extent any portion of the territory includes area designated as an Indian Reserve, a governmental entity or other territory which may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee may become qualified under such separate or additional requirements to perform work in such area; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.

To maintain the Territorial Protections described above you must comply with your obligations under the Area Development Agreement (including the agreed upon Development Schedule) and each Franchise Agreement. You are not otherwise obligated to achieve minimum sales volumes, market penetration or other contingencies to maintain the Territorial Protections. However, we may revise the size or configuration of the ~~Development~~Site Selection Area or suspend the Territorial Protections under the Area Development Agreement on renewal of the Area Development Agreement or if you fail to comply with your obligations under the Area Development Agreement. We may revise the size or configuration of the Designated Area or suspend the Territorial Protections under the Franchise Agreement on renewal of the Franchise Agreement or if you fail to comply with your obligations under the Franchise Agreement. On expiration or termination of the Area Development Agreement, you will lose the Territorial Protections for the ~~Development~~Site Selection Area, but the Designated Areas under Franchise Agreements will continue as provided in those agreements until their termination or expiration.

Reservation of Rights Under the Area Development Agreement ~~and~~& Franchise Agreement.

The Territorial Protections are limited to those agreements we describe in the ~~first~~1st paragraph of this Item 12. We and our affiliates reserve all rights that are not expressly granted to you under the Area Development Agreement and Franchise Agreements and the right to engage in all other activities that are not included in the Territorial Protections, including, for example, the right to do any of the following (and you are not permitted to exercise any of the following rights):

1. ~~(1)~~ own and operate, and license others to own and operate, ~~Next~~ NextHealth Centers using the System Standards and the Marks, at any location outside the areas covered by the Territorial Protections on such terms and conditions we deem appropriate;
2. ~~(2)~~ while we and our affiliates do not currently do so, and have no current plans to do so, we and our affiliates may develop or become associated with other businesses, including other health and wellness concepts and systems that offer the same or similar products, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the areas covered by the Territorial Protections;
3. ~~(3)~~ acquire, be acquired by, merge or affiliate with, or engage in any transaction with any other businesses (whether or not competitive) located anywhere and (i) convert the other businesses to ~~Next~~ NextHealth Centers, and/or (ii) permit the other businesses to continue to operate under

another name regardless of their locations;

4. ~~(4)~~ market, offer and sell products and services similar to those offered by [Next](#) ~~Next~~Health Centers under a trademark or trademarks other than Marks at any location, both within and outside the areas covered by the Territorial Protections;
5. ~~(5)~~ market and sell, and grant to others the right to market and sell, at any location, both within and outside the areas covered by the Territorial Protections, products and services that are authorized for sale at [Next](#) ~~Next~~Health Centers through alternative channels of distribution (like mail order, the Internet, e-commerce and catalog sales, telemarketing and product lines in other businesses) using the Marks or other trademarks and commercial symbols; and
6. ~~(6)~~ open and operate, or license ~~third~~^{3rd} parties the right to open or operate, Special Venue Location, both within and outside the areas covered by the Territorial Protections. “Special Venue Locations” are [Next](#) ~~Next~~Health Centers located in hotels, resorts, health clubs, sports arenas, entertainment facilities, military facilities, and any captive location or host facility whose retail operations are controlled by a ~~third~~^{3rd} party or in our judgment should be operated by a ~~third~~^{3rd} party.

We are not required to compensate you for exercising any of the above rights, regardless of whether it allows us to compete with your Center.

Other Items:

You have no right to change the ~~Development~~[Site Selection](#) Area under the Area Development Agreement or to relocate or change the location of your Center under the Franchise Agreement. If, on your request, we allow you to relocate your Center, we may condition our consent in any manner we choose including requiring you to pay us a relocation fee of \$15,000. You may relocate your Center only with our prior written permission, which we will not unreasonably withhold. We will approve your new location if it is within your Designated Area and meets our then-current standards and specifications.

You have no right of ~~first~~^{1st} refusal or similar rights to acquire additional development rights or franchises or to establish additional [Next](#) ~~Next~~Health Centers.

~~ITEM~~**ITEM 13** ~~TRADEMARKS~~[TRADEMARKS](#)

Next ~~Next~~Health Centers operate under the Brand and other trademarks, service marks and commercial symbols and trade names that we may authorize for use (collectively, the “Marks”). Currently, ~~Parent owns the Marks~~ Next Health IP owns all Next Health Intellectual Property. Under a License Agreement, dated ~~August 21~~ January 1, 2023 ~~2025~~, between us and ~~Parent~~ Next Health IP, (the “License Agreement”), ~~Parent~~ Next Health IP has licensed to us the right to use, and further sublicense the right to use, the Marks in connection with the franchising, development, and operation of Next ~~Next~~Health Centers. The License Agreement has a term of 99 years and can be terminated on 30 days’ notice without cause or for a material breach of the License Agreement which is not cured upon 30 days’ notice to us (resulting in the loss of our right to use and to sublicense the use of the Marks). Your rights to use the Marks during the current term of your Franchise Agreement will not be affected by the termination or expiration of our license. However, we will not be able to grant additional licenses of the Marks after expiration or termination of our license. Currently, there are no other agreements in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

The following Marks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

<u>MARK</u> <u>MARK</u>	<u>REGISTRATION</u> <u>NUMBER</u> <u>REGISTRATION</u> <u>NUMBER</u>	<u>REGISTRATION</u> <u>DATE</u> <u>REGISTRATION</u> <u>DATE</u>
 <u>HEALTH</u>	5328709 <u>5296970</u>	November 7, 2017 <u>09/26/2017</u>
	5328708	November 7, 2017 <u>11/07/2017</u>
<u>NEXT BEAUTY</u>	<u>6147612</u>	<u>09/08/2020</u>
NEXTHEALTH 	5296970 <u>6130482</u>	September 26, 2017 <u>08/18/2020</u>
<u>NEXT FUSION</u>	<u>6191158</u>	<u>11/03/2020</u>
<u>NEXT TECH</u>	<u>6191159</u>	<u>11/03/2020</u>
<u>NEXT BEAUTY</u>	<u>6443819</u>	<u>08/10/2021</u>

MARK	REGISTRATION NUMBER	REGISTRATION DATE
NEXT BEAUTY	6443818	08/10/2021

The above are the principal Marks to be licensed to you. There are currently no effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, pending infringement, opposition, or cancellation, or pending material litigation involving the Marks. All required renewals and affidavits for the Marks listed above have been filed.

We are not aware of anyone having superior rights of the Marks or any infringing use or anyone making a claim regarding our use, which could materially affect the use of the Marks.

You will notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our affiliates, our attorneys, and your attorneys, regarding any such infringement, challenge, or claim. We, [ParentNext Health IP](#), and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other legal or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable action that, in the opinion of our, [Parent'sNext Health IP's](#), and our affiliates' attorneys, are necessary or advisable to protect and maintain our, [Parent'sNext Health IP's](#), and our affiliates' interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our, [Parent'sNext Health IP's](#), our affiliates' interests in the Marks. We will reimburse you for your costs of taking any action that we, [ParentNext Health IP](#), and our affiliates ask you to take.

We will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we, [ParentNext Health IP](#) and our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement.

If at any time it becomes advisable, in our opinion, for us to modify or discontinue using any Mark or to use one or more additional or substitute trademarks or service marks, or modify any components of the System, you must comply with our directions within a reasonable time determined by us after receiving written notice from us. We will determine, in each instance, what time for compliance is reasonable, the length of which may vary based on the reason for the modification or discontinuance and the breadth and cost of making the change (for example, a shorter time may be required where the change is based on an actual or perceived threat of infringement versus where we are electing to make a change purely for marketing and branding purposes). We need not reimburse you for complying with our directions in that regard, for any loss of revenue due to any modified or discontinued Mark or component of the System, or for your expenses of promoting a modified or substitute trademark or service mark.

non-confidential from time to time. You must maintain absolute confidentiality of all such information during and after the term of the franchise and must not use any such information in any other business or in any manner not specifically authorized or consented to in writing by us. You may provide confidential information only to the extent and only to those of your employees or agents who must have access to that information to operate your Center and are bound by the confidentiality obligations and execute a Business Associate Agreement (subject to applicable laws) in the form attached as Attachment C to the Franchise Agreement.

~~ITEM~~ **ITEM 15**

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF** **THE FRANCHISE BUSINESS**

Franchise Agreement.

If you are not a natural person, each of your Owners that has any direct or indirect ownership interest, must sign a guaranty of your obligations under the Franchise Agreement (the form is attached to the Franchise Agreement as Attachment ~~AB~~) along with each Owner's spouse. Each person signing a guaranty assumes and agrees to discharge all of your obligations (i.e., the franchisee's) under the Franchise Agreement. ~~If any Owner is an individual, his or her non-Owner spouse must consent in writing to that owner's execution of the guaranty.~~ Each Owner signing the guaranty agrees to be bound to provisions of the Franchise Agreement applicable to such person.

If you are not a natural person then ~~one~~1 of your Owners that you designate, and we approve, will be the "Managing Owner" of your Center. Your Managing Owner will be authorized, on your behalf, to deal with us in all matters that arise in respect of the Agreement. We will be entitled to rely on the decision of the Managing Owner without being obligated to seek approvals of your other Owners. We do not require you or your Owners to participate personally in the direct operations of your Center.

You must enter into a Management Agreement with the Medical Service Manager pursuant to which it will make a designated Medical Director available to you, and you will, in exchange for a fee to be paid to you by the Medical Service Manager, provide certain non-clinical administrative services related to the provision of the Medical Services to the Medical Service Manager and the Medical Director. You must also designate a general manager (the "General Manager") to manage the day-to-day nonclinical operations of your Center, and subject to applicable law(s), you must designate and/or appropriately contract with, either directly or through the Medical Service Manager (~~*1~~), a Nurse Practitioner to administer and supervise the administration of certain Medical Services that a nurse practitioner is permitted under applicable law to administer and supervise; and (~~¥2~~) an Aesthetic RN to administer and supervise the administration of certain Medical Services that a registered nurse is permitted under applicable law to administer and supervise.

You will be the employer of all employees and the principal of all independent contractors of your Center, excluding the healthcare professionals as required under the applicable laws. You are solely responsible for all decisions relating to your relationship with your personnel and the activities they perform at your Center, including their recruitment, the decision whether to retain them, the terms and conditions of their retention, all aspects of their work assignments, their hours and schedules, safety and security protocols they must follow, any disciplinary actions, their supervision, and any decisions to

terminate their relationship with you or your Center. You must ensure that all personnel who are employed by, contracted by, or work at your Center in any manner are properly licensed, certified, registered with appropriate authorities, trained, educated, and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with you or your Center. You must also ensure that if applicable law permits certain activities to be performed under the direct supervision and control of a lawfully licensed certified professional, such activities are so supervised and controlled.

The Medical Director, General Manager, Nurse Practitioner, and Aesthetic RN may, but need not, be your Owners; however, they must ~~be acceptable to us~~ meet our then-current qualifications and standards for each role. Prior to the opening of your Center, your Managing Owner, General Manager, Nurse Practitioner, and Aesthetic RN must complete our initial training program to our satisfaction, and they must also complete to our satisfaction any other training programs we may periodically designate.

You must not change or replace your Managing Owner, the Medical Service Manager, Medical Director, Nurse Practitioner, Aesthetic RN, or General Manager without our prior written consent and must promptly notify us in writing if any of them cannot continue or no longer qualify to serve as such and must take corrective action within 30 days thereafter. During that period, you must provide interim personnel as necessary to comply with our System Standards. If your General Manager, Nurse Practitioner, or Aesthetic RN have not signed a guaranty to the Franchise Agreement, they must sign our then-current form of confidentiality and non-competition agreement; however, you are responsible for ensuring that our form of confidentiality and non-competition agreement complies with all applicable laws. You must adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of Confidential Information and disclose Confidential Information to your personnel on a need-to-know basis.

Area Development Agreement.

If you are not a natural person, each of your Owners must sign a guaranty of your obligations under the Area Development Agreement (the form is attached to the Area Development Agreement as ~~Attachment A~~ Appendix II). Each person signing a guaranty assumes and agrees to discharge all of your obligations (i.e., the developer's) under the Area Development Agreement. ~~If any Owner is an individual, his or her spouse must consent in writing to that owner's execution of the guaranty.~~ Each Owner signing the guaranty agrees to be bound to provisions of the Area Development Agreement applicable to such person. ~~If any Owner is an individual, his or her non-Owner spouse must consent in writing to that owner's execution of the guaranty.~~

~~ITEM~~ **ITEM 16**

~~RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL~~

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The franchisees of ~~Next~~ NextHealth Centers offer and sell certain non-medical products and services to their customers that are specifically designated by us periodically and provide certain non-clinical and administrative services that are requested by the Medical Service Manager and Medical Director. We do not authorize or require ~~Next~~ NextHealth franchisees to practice medicine, hire licensed health care professionals or provide training to them, provide Medical Services, or exert control over the delivery or supervision of Medical Services; however, we require each ~~Next~~ NextHealth franchisee to (i) enter into a Management Agreement with the Medical Service Manager pursuant to which it will make a

designated Medical Director, who will use its independent medical judgement, perform or, where permitted, supervise the performance of certain Medical Services at the franchisee's ~~Next~~ NextHealth Center, and (ii) subject to applicable laws, designate and/or appropriately contract with, either directly or through the Medical Service Manager, at least ~~one~~(1) Nurse Practitioner and ~~one~~(1) Aesthetic RN to administer certain Medical Services under the supervision of the Medical Director.

You will: (i) offer and sell from your Center all non-medical products and services in the manner that we periodically specify; (ii) not offer or sell at or from your Center or any other location any products or services we have not authorized, including any Medical Services; (iii) not ~~either~~ directly or indirectly supervise, control, or interfere with the provision of Medical Services unless you are qualified and licensed under applicable law to do so; and (vi) discontinue selling and offering for sale any products or services that we at any time disapprove. There is no limit on our right to change the goods or services that you can and cannot sell at and from your Center.

Your Medical Director will offer, provide, and supervise all Medical Services at your Center and make all determinations in respect thereof in accordance with its independent medical judgment. Your Nurse Practitioner and Aesthetic RN will administer and supervise the administration of certain Medical Services that registered nurses are permitted under applicable law to administer and supervise.

We will not require that Speculative Medical Services be provided at your Center, but if Speculative Medical Services will be offered at your Center, then (i) in addition to complying with other laws applicable to your Center you will be responsible for investigating applicable laws, rules, and regulations in your jurisdiction and your ability to advertise those services in the manner you and we believe to be appropriate; (ii) we may introduce you to vendors for goods or services related to one or more Speculative Medical Services in connection with your Center (each of whom you may freely elect to use); and (iii) all advertising for Speculative Medical Services will be subject to the applicable laws, rules, and regulations, and policies of the advertising medium or host, and must avoid making representations regarding the results that will be achieved from any such services.

~~ITEM~~ **ITEM 17**

~~RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION~~

RENEWAL, TERMINATION, TRANSFER, & DISPUTE RESOLUTION

~~THE FRANCHISE RELATIONSHIP~~ THE FRANCHISE RELATIONSHIP

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

PROVISION <u>PROVISION</u>	SECTION IN <u>SECTION IN</u> AGREEMENTS <u>AGREEMENT</u>	SUMMARY <u>SUMMARY</u>
a. Length of the franchise term	<u>Section 2.1</u>	Franchise Agreement: Section 2 <u>An initial term of 10 years, unless sooner terminated.</u> Area Development Agreement:

PROVISION		SECTION IN AGREEMENT	SUMMARY
		Management Agreement: Section 8.A	Unless sooner terminated, upon the expiration of the Franchise Agreement.
<u>b.</u>	b. Renewal or extension of the term	Franchise Agreement: Section 14.A <u>14.1</u>	If you are in substantial compliance with the Franchise Agreement, you may extend the term for 1 consecutive term of 10 years.
		Area Development Agreement: N/A	Not Applicable.
		Management Agreement: Section 8.A	Same as the successor franchise term.
<u>c.</u>	e. Requirements for franchisee to renew or extend	Franchise Agreement: Section 14.A <u>14.1</u>	You must: give at least 180 days' prior notice (no earlier than 12 months prior to end of term); take all steps to bring your Center into full compliance with our then-current System Standards; not be in breach of any agreement with us or our affiliates; have right to remain in possession of the premises; executed our then-current Franchise Agreement and general release (unless prohibited by law); renew your Management Agreement with your Medical Service Manager; and pay a renewal fee. The then-current Franchise Agreement may contain terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements. We will be under no obligation to grant you a successor franchise if, at the time of renewal, we are not granting franchises for Next <u>Next</u> Health Centers in your state.
		Area Development Agreement: N/A	Not Applicable.
		Management Agreement: N/A	Not Applicable.
<u>d.</u>	d. Termination by franchisee	Franchise Agreement: Section 15.A <u>15.1</u>	You may terminate the Franchise Agreement upon 30 days' notice to us, if (i) you and your Owners are in full compliance of your and their obligations under the Franchise Agreement, the Management Agreement, and any other agreement with us or our affiliates; and (ii) we (or our affiliates) fail to materially comply with our obligations under the Franchise Agreement or any other agreement with you and such breach is not cured within 30 days of receipt of a written notice from you, or if such breach cannot be cured within 30 days and we or our affiliates do not provide you within 30 days after your

PROVISION	PROVISION	SECTION IN AGREEMENTS SECTION IN AGREEMENT	SUMMARY SUMMARY
			notice reasonable evidence of our or their effort to correct the failure within a reasonable time.
		Area Development Agreement: Section 6.A	You may terminate the Area Development Agreement upon 30 days' notice to us if we materially breach the Area Development Agreement and do not cure default within 30 days after our receipt of notice from you.
		Management Agreement: Section 8.B	You may terminate the Management Agreement upon 30 days' notice to the Medical Service Manager if the Medical Service Manager materially breaches the Management Agreement and does not cure default within 30 days after its receipt of notice from you.
<u>e.</u>	e. Termination by franchisor without cause	Franchise Agreement: N/A	Not Applicable.
		Area Development Agreement: N/A	Not Applicable.
		Management Agreement: N/A	Not Applicable.
<u>f.</u>	f. Termination by franchisor with cause	Franchise Agreement: Section 15.B <u>15.2</u>	Subject to applicable law, we may terminate only if you or your owners commit one <u>1</u> of several violations, including for you, but not limited to, the failure to cure defaults within the applicable cure period (if any) under other agreements (including Area Development Agreements and the Management Agreement) executed with us or our affiliates.
		Area Development Agreement: Section 6.B	Subject to applicable law, we may terminate only if you or your owners commit one of several violations, including your failure to cure defaults within the applicable cure period (if any) under other agreements (including Franchise Agreements executed pursuant to any Area Development Agreement) executed with us or our affiliates.
		Management Agreement: Section 8.C	Subject to applicable law, the Medical Service Manager may terminate only if you or your owners commit one of several violations, including for your failure to cure defaults within the applicable cure period (if any) under other agreements (including Franchise Agreements and Area Development Agreement) executed with us or our affiliates.
<u>g.</u>	g. "Cause" defined - curable defaults	Franchise Agreement: Section 15.B <u>15.2</u>	Subject to applicable law, under the Franchise Agreement, you have: 21 days to cure your trainees' failure to complete the initial training to our satisfaction; 72 hours to cure a violation of any law, ordinance, rule or regulation; 5 days to cure monetary defaults; 15 days to cure quality assurance audits; 30 days to cure operational defaults and other

PROVISION	PROVISION	SECTION IN AGREEMENTS	SUMMARY
		SECTION IN AGREEMENT	SUMMARY
			defaults not listed in (h) below; and cure period (if any) under other agreements (including Area Development Agreement and Management Agreement) executed with us or our affiliates to avoid cross default.
		Area Development Agreement: Section 6.B	Subject to applicable law, under the Area Development Agreement, you have 30 days to cure defaults not listed in (h) below; and cure period (if any) under other agreements (including Franchise Agreements executed pursuant to any Area Development Agreement and Management Agreement) executed with us or our affiliates to avoid cross default.
		Management Agreement: Section 8.C	Subject to applicable law, under the Management Agreement, you have 30 days to cure defaults not listed in (h) below; and cure period (if any) under other agreements (including Franchise Agreements and Area Development Agreement) executed with us or our affiliates.
h.	h. “Cause” defined - non-curable defaults	Franchise Agreement: Section 15.B 15.2	Non-curable defaults under the Franchise Agreement include: material misrepresentations or omissions; failure to secure site for your Center within 90 days after the Franchise Agreement’s e Effective d Date ; failure to open your Center on time; un approved closure, failure to operate for more than three 3 days, or other abandonment; conviction of a felony; dishonest or unethical conduct which may likely have an adverse effect on the reputation of any Next Next Health Center; unapproved transfers; you lose the right to occupy the premises of your Center; your or your Owner’ unauthorized use or disclosure of confidential or proprietary information; failure to pay taxes; understatement of Gross Sales three 3 or more times; repeated defaults (even if cured); your or your Owners’ insolvency; your or your Owners’ failure to comply with anti-terrorism laws; if you are found to have violated health and safety risks standards ; your failure to have a valid Management Agreement with the Medical Service Manager; your or failure to comply with the Management Agreement terms therein ; failure to designate one of your Medical Service Manager’s licensed health care professionals as your Medical Director; and failure to cure defaults under other agreements (including the Management Agreement and the Area Development Agreement) with us or our affiliate within the applicable cure period, if any.

PROVISION <u>PROVISION</u>	SECTION IN AGREEMENTS <u>SECTION IN</u> AGREEMENT	SUMMARY <u>SUMMARY</u>
	Area Development Agreement: Section 6.B	Non curable defaults under the Area Development Agreement include: material misrepresentations or omissions; failure to comply with Development Schedule or failure to make progress to indicate you will not fulfill development obligations; unapproved transfers; repeated defaults (even if cured); bankruptcy; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with anti-terrorism laws; and failure to cure defaults under other agreements (including Franchise Agreement and Management Agreement) with us or our affiliate within the applicable cure period, if any.
	Management Agreement: Section 8.C	Non curable defaults under the Management Agreement for which the Medical Service Manager may terminate include: your or your Owners' conviction of a felony; your or your Owners' unauthorized use or disclosure of the confidential information; failure to pay applicable taxes; repeated defaults (even if cured); your or your Owners' bankruptcy or insolvency; your or your Owners' failure to comply with anti-terrorism laws; health and safety risks; and failure to cure defaults under other agreements (including Franchise Agreements) with us or our affiliate within the applicable cure period, if any.
i. Franchisee's obligations on termination /non-renewal	Franchise Agreement: Section 16.A <u>16.1</u>	Under the Franchise Agreement, you must: pay us all amounts owed to us and our affiliates; cease operating your Center and using the Marks; cease identifying yourself as a current or former franchisee; de-identify the business; cease using and return all Confidential Information; cancel all fictitious or assumed names; cease using or operating any Online Presence; notify <u>the</u> telephone company of termination of rights to use telephone number and transfer number to our designee; comply with confidentiality requirements and post-termination non-competition covenants; and at our option, sell or assign to us your rights in your Center premises and the assets used in the business.
	Area Development Agreement: Section 7.A	Under the Area Development Agreement, you must: cease to directly or indirectly exercise or attempt to exercise any rights granted to you under the Area Development Agreement; comply with all post termination obligations; and refrain from interfering or attempting to interfere with our or our affiliates' relationships with vendors, franchisees, or consultants.

PROVISION		SECTION IN AGREEMENT	SUMMARY
		Management Agreement: Section 8.D	Under the Management Agreement, the Medical Service Manager and Medical Director will cease providing services; you must return to the Medical Service Manager (or its designee) all confidential information, medical records, books and records pertaining to provision of Medical Services at its Center, and other proprietary materials; and you must deposit all amounts owed into the Medical Service Manager's designated bank account.
j.	j. Assignment of contract by franchisor	Franchise Agreement: Section 13.A <u>13.1</u>	No restriction on our right to assign.
		Area Development Agreement: Section 5.A	No restriction on our right to assign.
		Management Agreement: Section 11.B	No restriction on the Medical Service Manager's right to assign.
k.	k. "Transfer" by franchisee - definition	Franchise Agreement: Section 13.B <u>13.2</u>	Includes voluntary or involuntary sale, assignment, transfer, conveyance, gift, pledge, mortgage, or otherwise disposal of or encumbrance of any direct or indirect interest in the Franchise Agreement, your Center or its assets (other than in <u>the</u> ordinary course of business), your right to possession of the premises, or any direct or indirect ownership interest in you (if you are an entity).
		Area Development Agreement: Section 5.B	Includes voluntary or involuntary sale, assignment, transfer, conveyance, gift, pledge, mortgage, or otherwise disposal of or encumbrance of any direct or indirect interest in the Area Development Agreement, your development rights, or any direct or indirect ownership interest in you (if you are an entity).
		Management Agreement: N/A	Not Applicable.
l.	l. Franchisor's approval of transfer by franchisee	Franchise Agreement: Section 13.B <u>13.2</u>	We have the right to approve all transfers by you or your owners but will not unreasonably withhold or delay approval.
		Area Development Agreement: Section 5.B	You cannot assign or transfer without first obtaining our prior written consent.
		Management Agreement: 11.B	You cannot assign or transfer without first obtaining the Medical Service Manager's prior written consent.

PROVISION	PROVISION	SECTION IN AGREEMENT	SUMMARY
n.	<p>m. Conditions for franchisor approval of transfer</p>	<p>Franchise Agreement: Section 13.C <u>13.3</u></p>	<p>Your Center has opened for business; you or transferee must provide all application materials and satisfy all selection criteria; you (and your Owner) are in compliance with the Franchise Agreement; you must provide transfer documents and transfer must meet our criteria; you (and your Owners) and transferee (and its owners) must sign all documents required by us in connection with transfer (including then-current Franchise Agreement, the provisions of which may differ materially from those contained in the form Franchise Agreement attached to this Disclosure Document); transferee upgrades, remodels and/or refurbishes your Center; the transfer must not place your Center in undue financial or operational risk; you (and your owners) sign a general release (unless prohibited by state law) and a non-competition covenant; your Center is being operated in all respects in compliance with our System Standards and you are current on all your payment obligations in connection with your Center; whether, if you or your Owners offer the transferee financing for any part of the purchase price, you and your Owners are willing to agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Center will be subordinate to the transferee's obligation to pay amounts it owes to us, our affiliates, and third^{3rd} party vendors and otherwise to comply with the Franchise Agreement; all mandatory training for transferee has been completed and paid for; all approvals relating to the proposed Transfer (including any landlord notices or consents) have been given or obtained, as required, with copies provided to us payment of transfer fee; and all business operations (insurance and licenses) are transferred.</p>

PROVISION	SECTION IN AGREEMENT	SUMMARY
	<p>Area Development Agreement: Section 5.C</p> <p>Management Agreement: N/A</p>	<p>You (and your owners) are in compliance with the Area Development Agreement; transferee must provide all application materials and satisfy all selection criteria; you must provide transfer documents and transfer must meet our criteria; you (and your owners) and transferee (and its owners) must sign all documents required by us in connection with transfer; all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Development Rights must be subordinate to the transferee's obligation to pay all amounts due to us; you (and your owners) sign a general release (unless prohibited by state law) and a non-competition covenant; all monetary obligations have been paid; you (and your owners) had not breached the Area Development Agreement or any other agreement with us or our affiliate (including any Franchise Agreement) for 60-day period prior to request for consent to transfer; the transferee must sign our then current form of Area Development Agreement (the provisions of which may differ materially from those contained in the form Area Development Agreement attached to this Disclosure Document); payment of transfer fee; and the transfer of the Area Development Agreement must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to the Area Development Agreement.</p> <p>Not applicable</p>
<p><u>ii.</u> n. Franchisor's right of first^{1st} refusal to acquire franchisee's business</p>	<p>Franchise Agreement: Section 13.G^{13.7}</p>	<p>If you receive an offer to sell or transfer an interest, direct or indirect, in the Franchise Agreement, your Center or any direct or indirect ownership interest in you (if you are an entity), we have a right of first^{1st} refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of notice of such intention to sell or transfer, then you may sell or transfer in accordance with items (k)¹¹ through (m)¹³ of this Item 17.</p>

PROVISION		SECTION IN AGREEMENT	SUMMARY
		Area Development Agreement: Section 5.F	If you receive an offer to sell or transfer an interest, direct or indirect, in the Area Development Agreement, your business operated under the Area Development Agreement, or any direct or indirect ownership interest in you (if you are an entity), we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of such intention to sell or transfer, then you may sell or transfer in accordance with items (k) to (m) in this Item 17.
		Management Agreement: N/A	Not Applicable.
<u>d.</u>	e. Franchisor's option to purchase franchisee's business	Franchise Agreement: Section 16.B <u>16.2</u>	We may upon 30 days' written notice to you exercise our right to purchase your Center upon (i) expiration of the Franchise Agreement without grant of a successor franchise; (ii) our termination of the Franchise Agreement; and (iii) your termination of the Franchise Agreement without cause. The purchase price for your Center will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting.
		Area Development Agreement: N/A	Not Applicable.
		Management Agreement: N/A	Not Applicable.
<u>p.</u>	p. Death or disability	Franchise Agreement: Section 13.D <u>13.4</u>	Your (or your owner's) interest must be transferred to someone approved by us within 6 months after the date of death or <u>permanent</u> disability. Such transfers are subject to the same terms and conditions as inter vivos transfers and are subject to our right of first <u>1st</u> refusal to purchase the interest.
		Area Development Agreement: N/A	Not Applicable.
		Management Agreement: N/A	Not Applicable.
<u>g.</u>	q. Non-competition covenants during the term of the franchise	Franchise Agreement: Section 8.A <u>8.1</u>	Subject to applicable state laws, neither you, nor any of your Owners, General Manager, Nurse Practitioner, Aesthetic RN, or your or your Owner's immediate family members, may have any involvement, directly or indirectly, in a Competitive Business. The term "Competitive Business" means any business other

PROVISION	PROVISION	SECTION IN AGREEMENTS SECTION IN AGREEMENT	SUMMARY SUMMARY	
			<p>than a Next NextHealth Center which (1) generates or is expected to generate at least 20% of its revenue from performing or arranging the provision of any, or any combination, of the following services: cryotherapy, IV therapy, hormone replacement therapy, hyperbaric oxygen therapy, diagnostic testing and/or other services that are <u>currently</u> offered at Next NextHealth Centers, <u>that may be offered in the future</u>, or (2) franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses. Subject to applicable laws, you must obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having <u>that are granted</u> access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party <u>3rd party</u> beneficiary of that agreement with independent enforcement rights.</p>	
			<p>Area Development Agreement: N/A</p>	<p>Not Applicable.</p>
			<p>Management Agreement: N/A</p>	<p>Not Applicable.</p>
<p>l.</p>	<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Franchise Agreement: Section 16.A(7) <u>16.1.7</u></p>	<p>Subject to applicable state laws, you, your Owners, General Manager, and your and their immediate family members will not have any involvement, directly or indirectly, in a Competitive Business for two (2) years at the premises of your Center, within a 10-mile radius of the premises of your Center or any Next NextHealth Center in existence or under development at time of termination or expiration of Franchise Agreement.</p>	
			<p>Area Development Agreement: N/A</p>	<p>Not Applicable.</p>
			<p>Management Agreement: N/A</p>	<p>Not Applicable.</p>
<p>s.</p>	<p>s. Modification of the agreement</p>	<p>Franchise Agreement: Section 19.B <u>19.2</u></p>	<p>Except for our right to modify the System and the System Standards there can be no modifications except in writing and signed by both you and us.</p>	
			<p>Area Development Agreement: Section 10.A</p>	<p>No modifications except in writing and signed by both you and us.</p>

<u>PROVISION</u>	<u>SECTION IN AGREEMENT</u>	<u>SUMMARY</u>
	<u>Management Agreement: Section 11.A</u>	No modifications except in writing and signed by you and the Medical Service Manager.
<u>t.</u> t. <u>Integration/merger clause</u>	Franchise Agreement: Section 19.G <u>19.7</u>	Subject to applicable state laws, only the written terms of the Franchise Agreement and other related written agreements are binding. Any representation or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnish to you.
<u>u.</u> <u>Dispute resolution by arbitration or mediation</u>	<u>Section 18.1</u>	<u>Subject to applicable state laws, we (& our affiliates) and you (and your affiliates) must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently West Hollywood, CA).</u>
<u>y.</u> <u>Choice of forum</u>	<u>Section 18.2</u>	<u>Subject to applicable state laws, you must sue us in the state where our or, as applicable, our successor's or assign's then-current corporate headquarters is located (currently West Hollywood, CA).</u>
<u>w.</u> <u>Choice of law</u>	<u>Section 18.3</u>	<u>Subject to applicable state laws, the Franchise Agreement will be construed, and all disputes related to or arising in connection with the Franchise Agreement will be resolved, in accordance with DE law.</u>

THE AREA DEVELOPER RELATIONSHIP

The following tables list certain important provisions of the Area Development Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

<u>PROVISION</u>	<u>SECTION IN AGREEMENT</u>	<u>SUMMARY</u>
<u>a.</u> <u>Length of the franchise term</u>	<u>Section 2.1</u>	<u>Term ends on the earlier of (i) the scheduled opening date of the last Next Health Center as specified on the Development Schedule, or (ii) the last day of the last development period.</u>
<u>b.</u> <u>Renewal or extension of the term</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>c.</u> <u>Requirements for franchisee to renew or extend</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>d.</u> <u>Termination by franchisee</u>	<u>Section 6.1</u>	<u>You may terminate the Area Development Agreement upon 30 days' notice to us if we materially breach the Area Development Agreement and do not cure default within 30 days after our receipt of notice from you.</u>
<u>e.</u> <u>Termination by franchisor without cause</u>	<u>N/A</u>	<u>Not Applicable.</u>

	<u>PROVISION</u>	<u>SECTION IN AGREEMENT</u>	<u>SUMMARY</u>
<u>f.</u>	<u>Termination by franchisor with cause</u>	<u>Section 6.2</u>	<u>Subject to applicable law, we may terminate only if you or your owners commit 1 of several violations, including, but not limited to, your failure to cure defaults within the applicable cure period (if any) under other agreements (including Franchise Agreements executed pursuant to any Area Development Agreement) executed with us or our affiliates.</u>
<u>g.</u>	<u>“Cause” defined - curable defaults</u>	<u>Section 6.2</u>	<u>Subject to applicable law, under the Area Development Agreement, you have 30 days to cure defaults not listed in (h) below; and the cure period (if any) under other agreements (including Franchise Agreements executed pursuant to any Area Development Agreement and Management Agreement) executed with us or our affiliates to avoid cross default.</u>
<u>h.</u>	<u>“Cause” defined - non-curable defaults</u>	<u>Section 6.2</u>	<u>Non-curable defaults under the Area Development Agreement include: material misrepresentations or omissions; failure to comply with the Development Schedule or failure to make progress to indicate you will not fulfill development obligations; unapproved transfers; repeated defaults (even if cured); bankruptcy; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with anti-terrorism laws; and failure to cure defaults under other agreements (including Franchise Agreement and Management Agreement) with us or our affiliate within the applicable cure period, if any.</u>
<u>i.</u>	<u>Franchisee’s obligations on termination /non-renewal</u>	<u>Section 7.1</u>	<u>Under the Area Development Agreement, you must: cease to directly or indirectly exercise or attempt to exercise any rights granted to you under the Area Development Agreement; comply with all post-termination obligations; and refrain from interfering or attempting to interfere with our or our affiliates’ relationships with vendors, franchisees, or consultants.</u>
<u>j.</u>	<u>Assignment of contract by franchisor</u>	<u>Section 5.1</u>	<u>No restriction on our right to assign.</u>
<u>k.</u>	<u>“Transfer” by franchisee - definition</u>	<u>Section 5.2</u>	<u>Includes the voluntary or involuntary sale, assignment, transfer, conveyance, gift, pledge, mortgage, or otherwise disposal of or encumbrance of any direct or indirect interest in the Area Development Agreement, your development rights, or any direct or indirect ownership interest in you (if you are an entity).</u>
<u>l.</u>	<u>Franchisor’s approval of transfer by franchisee</u>	<u>Section 5.2</u>	<u>You cannot assign or transfer without 1st obtaining our prior written consent, and approval, which will not be unreasonably withheld, conditioned, or denied.</u>
<u>m.</u>	<u>Conditions for franchisor approval of transfer</u>	<u>Area Development Agreement ÷ Section 10.F5.3</u>	<u>Subject to applicable state laws, only the written terms of the Area Development Agreement and other related written agreements are binding. Any representation or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. However, nothing in You (and your owners) are in compliance with the Area Development Agreement; transferee must provide all application materials and satisfy all selection criteria; you must provide transfer documents and transfer must meet our criteria; you (and your owners) and transferee (and its owners) must sign all documents required by us in connection with transfer; all of the transferee’s obligations under promissory notes, agreements, or security interests reserved in your Development Rights must be subordinate to the transferee’s obligation to pay all amounts due to us; you (and your owners) sign a general release (unless prohibited by state law) and a non-competition covenant; all monetary</u>

	<u>PROVISION</u>	<u>SECTION IN AGREEMENT</u>	<u>SUMMARY</u>
			<u>obligations have been paid; you (and your owners) had not breached the Area Development Agreement or any other agreement with us or our affiliate (including any Franchise Agreement) for 60 day period prior to request for consent to transfer; the transferee must sign our then current form of Area Development Agreement (the provisions of which may differ materially from those contained in the form Area Development Agreement attached to this Disclosure Document); payment of transfer fee; and the transfer of the Area Development Agreement must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to the Area Development Agreement</u> is intended to disclaim the representations we made in the Disclosure Document that we furnish to you.
<u>n.</u>	<u>Franchisor's right of 1st refusal to acquire franchisee's business</u>	<u>Section 5.6</u>	<u>If you receive an offer to sell or transfer an interest, direct or indirect, in the Area Development Agreement, your business operated under the Area Development Agreement, or any direct or indirect ownership interest in you (if you are an entity), we have a right of 1st refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised w/i 30 days of our receipt of such intention to sell/transfer, then you may sell or transfer in accordance with items 11 to 13 in this Item 17.</u>
<u>d.</u>	<u>Franchisor's option to purchase franchisee's business</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>p.</u>	<u>Death or disability</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>g.</u>	<u>Non-competition covenants during the term of the franchise</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>r.</u>	<u>Non-competition covenants after the franchise terminated or expires</u>	<u>N/A</u>	<u>Not Applicable.</u>
<u>s.</u>	<u>Modification of the agreement</u>	<u>Section 10.1</u>	<u>No modifications except in writing and signed by both you and us.</u>
<u>t.</u>	<u>Integration/merger clause</u>	Management Agreement - Section 11.G <u>10.6</u>	Subject to applicable state laws, only the written terms of the Management <u>Area Development</u> Agreement and other related written agreements are binding. <u>Any representation or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. However, Nothing</u> in the Management <u>Area Development</u> Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnish to you.
<u>u.</u>	u. <u>Dispute resolution by arbitration or mediation</u>	Franchise Agreement - Section 18.A <u>9.1</u>	Subject to applicable state laws, we (and <u>&</u> our affiliates) and you (and <u>&</u> your affiliates) must arbitrate all disputes at a location in or within <u>w/i</u> 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently West Hollywood, California <u>CA</u>).

	<u>PROVISION</u>	<u>SECTION IN AGREEMENT</u>	<u>SUMMARY</u>
			<p>Area Development Agreement: Section 9.A</p> <p>Subject to applicable state laws, we (and our affiliates) and you (and your affiliates) must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently West Hollywood, California).</p>
			<p>Management Agreement: Section 10.A</p> <p>Subject to applicable state laws, the Medical Service Manager (and its affiliates) and you (and your affiliates) must arbitrate all disputes at a location in or within 50 miles of the Medical Service Manager's or, as applicable, its successor's or assign's then current principal place of business (currently West Hollywood, California).</p>
<u>v.</u>	v. Choice of forum	Franchise Agreement - Section 18.B <u>9.3</u>	Subject to applicable state laws, you must sue us in the state where our or, as applicable, our successor's or assign's then-current corporate headquarters is located (currently West Hollywood, California <u>CA</u>).
			<p>Area Development Agreement: Section 9.C</p> <p>Subject to applicable state laws, you must sue us in the state where our or, as applicable, our successor's or assign's then-current corporate headquarters is located (currently West Hollywood, California).</p>
			<p>Management Agreement: Section 10.B</p> <p>Subject to applicable state laws, you must sue the Medical Service Manager in the state where the Medical Service Manager's or, as applicable, its successor's or assign's then-current corporate headquarters is located (currently West Hollywood, California).</p>
<u>w.</u>	w. Choice of law	Franchise Agreement - Section 18.C <u>9.2</u>	Subject to applicable state laws, the Franchise <u>Area Development</u> Agreement will be construed, and all disputes related to or arising in connection with the Franchise <u>Area Development</u> Agreement will be resolved, in accordance with Delaware <u>DE</u> law.
			<p>Area Development Agreement: Section 9.B</p> <p>Subject to applicable state laws, the Area Development Agreement will be construed, and all disputes related to or arising in connection with the Area Development Agreement will be resolved, in accordance with Delaware law.</p>
			<p>Management Agreement: Section 10.C</p> <p>Subject to applicable state laws, the Management Agreement will be construed, and all disputes related to or arising in connection with the Management Agreement will be resolved, in accordance with Delaware law.</p>

ITEM 18
PUBLIC FIGURES

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

~~ITEM~~ITEM 19

~~FINANCIAL PERFORMANCE REPRESENTATIONS~~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.

Data Set

As of December 31, ~~2023, Parent~~2024, Affiliate owned and operated ~~five (5)~~ Next NextHealth Centers and no franchised Next NextHealth Centers were in operation. Of those ~~five (5)~~ corporate locations, we have excluded ~~two (2)~~ Next NextHealth Centers from the data set for this Item 19 because their key characteristics are not consistent with the design, size, location characteristics, and services offerings of Next NextHealth Center franchises we are offering under this Disclosure Document. Of the ~~two (2)~~ excluded NextNextHealth Centers, ~~one (1)~~ is a 1,400 square foot location with limited external signage and street-side visibility and access, and the other is a 1,000 square foot location situated within a Four Seasons hotel which offers limited services primarily to guests of the hotel. The remaining ~~three (3)~~ Next NextHealth Centers comprise the data set (the “Data Set”) for which the results shown below were compiled. The results shown in this Item 19, in each case, are historical results.

~~Of the three (3) NextHealth Centers that are included in the Data Set for this Item 19, two (2) NextHealth Centers (collectively, the “Mature Centers”) commenced operations in or prior to 2019, and therefore, were in operation for significantly longer than the third NextHealth Center (“New Center”), which commenced operations in June 2022.~~

Definitions

“Unit Revenue” means the total revenue generated from the operation of the Next NextHealth Center, including the sale of Medical Services by the Medical Service Manager and the sale of non-medical products and services to the clients of the Next NextHealth Center, but excluding sales tax that the owner of the Next NextHealth Center must pay directly to the appropriate taxing authority. Please note, Unit Revenue is defined differently than how “Gross Sales” is defined in the Franchise Agreement, and as such, the amount of royalty fees you pay under the Franchise Agreement may be different than if applied to Unit Revenue data provided below.

“Gross Profit” means the Unit Revenue of a Next NextHealth Center minus the aggregate cost of goods and services sold to the clients of such center, including, without limitation, the cost of raw materials and supplies.

“Gross Profit Percentage” means Gross Profits expressed as percentage of Unit Revenue.

Table 1: Mature All Centers

The below table reflects the average, median, highest, and lowest Unit Revenue of the ~~Mature~~Next Health Centers during calendar years ~~2022 and~~2023 and 2024, and the average, median, highest, and lowest Gross Profit Percentage of the ~~Mature~~Centers during calendar years ~~2023~~~~One (1) Mature Center (i.e., 50% of the Mature Centers) met or exceeded the average Unit Revenue during calendar years 2022 and 2023~~ and 2024 and the average Gross Profit Percentage in calendar year ~~2023~~2024.

We calculated the average for each category (i.e., Unit Revenue and Gross Profit Percentage) by adding the annual data point for each category (i.e., Unit Revenue and Gross Profit Percentage) and then dividing that number by ~~two (2)~~4; i.e., the number of ~~Mature~~the Centers in the Data Set. The median is the middle data point; however, because the dataset for ~~Mature~~the Centers includes ~~two (2)~~4 Next Health Centers, the median and the average are the same.

PARTICULARS	YEAR	AVERAGE	HIGH	MEDIAN	LOW						
Unit Revenue	2022	\$3,975,102	\$4,921,377	\$3,975,102	\$3,028,828						
Unit Revenue	2023	\$4,031,567	\$5,118,245	\$4,031,567	\$2,944,889						
	2024	\$3,613,404	\$5,702,729	\$3,160,996	\$2,428,893						
Gross Profit Percentage	2023-2024	73.763.25%	77.1067%	73.764%	70.2063%						

Table 2: New Center Year Over Year Growth

The below table reflects the monthly Unit Revenue of the New Center from the month in which it commenced operations (June 2022) until December 2023.

Unit Revenue	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
			<u>Center A</u> <u>Opened: 09/2019</u> <u>Sq. Footage: 4,037</u>	<u>Center B</u> <u>Opened: 12/2019</u> <u>Sq. Footage: 3,030</u>	<u>Center C</u> <u>Opened: 06/2022</u> <u>Sq. Footage: 3,500</u>		
	\$47,498	\$77,665	\$100,155	\$105,520	\$169,778	\$173,515	\$227,794
		<u>Revenue</u>	<u>Beauty</u>	<u>Infusion</u>	<u>Membership</u>	<u>Store</u>	<u>Tech</u>
			\$1,158,744	\$8,591	\$919,710	\$964,306	\$1,006,325
			\$1,064,205	\$743,070	\$24,583	\$19,761	
			\$972,699	\$24,583	\$19,761		
			\$17,721	\$24,583	\$19,761		
		<u>Wellness</u>	\$66,308	\$40,743	\$34,883		
		<u>TOTAL REVENUE</u>					

		<u>Revenue % YoY Growth</u>	<u>\$2,423,053</u> <u>\$</u> <u>5,702,729</u> <u>12%</u>	<u>\$1,011,320</u> <u>\$3,068,016</u> <u>4%</u>	<u>\$748,712</u> <u>\$3,253,976</u> <u>27%</u>		
	<u>Cost of Goods</u> TOTAL COGs		<u>\$1,812,774</u> <u>\$1,812,774</u> <u>4</u>	<u>\$718,071</u> <u>\$718,071</u>			<u>\$818,390</u> <u>\$818,390</u>
	Jan 2023	Feb-2023 <u>Gross Profit</u> <u>Total Gross Profit</u> <u>Gross Profit %</u>	Mar-2023 <u>\$3,889,955</u> <u>68%</u>	Apr-2023 <u>\$2,349,945</u> <u>77%</u>	May-2023 <u>\$2,435,586</u> <u>75%</u>	Jun 2023	Jul 2023
	<u>\$157,368</u>	<u>\$193,624</u> <u>Operating Expenses</u> <u>Contracted Services</u> <u>Medical Director Fee</u> <u>Employee Expense</u> <u>Facility Expense</u> <u>SG & A</u> TOTAL Operating Expenses <u>Operating Expenses %</u>	<u>\$195,020</u> <u>71,949</u> <u>\$30,000</u> <u>\$1,150,551</u> <u>1</u> <u>\$726,336</u> <u>\$158,515</u> <u>\$2,137,351</u> <u>37%</u>	<u>\$205,796</u> <u>\$56,244</u> <u>\$30,000</u> <u>\$882,524</u> <u>\$639,819</u> <u>\$106,887</u> <u>\$1,715,474</u> <u>56%</u>	<u>\$196,055</u> <u>\$47,383</u> <u>\$30,000</u> <u>\$946,259</u> <u>\$402,170</u> <u>\$121,816</u> <u>\$1,547,628</u> <u>48%</u>	<u>\$181,456</u>	<u>\$208,607</u>
	<u>EBITDA</u> <u>EBITDA %</u>		<u>\$1,752,330</u> <u>0</u> <u>31%</u>	<u>\$634,471</u> <u>21%</u>			<u>\$887,958</u> <u>27%</u>
	Aug 2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023		
	<u>\$194,494</u>	<u>-\$201,329</u> <u>Adjustments</u> <u>Royalty</u> <u>Brand Fund</u> <u>Local Marketing</u> <u>Total Adjustments</u> <u>Adjusted EBITDA</u> <u>Adjusted EBITDA %</u>	<u>\$237,709</u> <u>513,246</u> <u>\$57,027</u> <u>\$30,000</u> <u>\$595,273</u> <u>\$1,157,057</u> <u>20%</u>	<u>\$283,653</u> <u>\$27</u> <u>6,121</u> <u>\$30,680</u> <u>\$30,000</u> <u>\$336,801</u> <u>\$297,670</u> <u>10%</u>	<u>\$308,229</u> <u>\$29</u> <u>2,858</u> <u>\$32,540</u> <u>\$30,000</u> <u>\$355,398</u> <u>\$532,560</u> <u>16%</u>		

1. Proforma financials adjusted to remove all one time impacts unrelated to 2024 performance

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

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

Other than the preceding financial performance representations, 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 our management by contacting Scott Svlich, Chief Operating Officer, Next Health Franchising LLC, 8560 West Sunset Boulevard, Suite 650, West Hollywood, [California CA](#) 90069, phone number: (310) 295-2075, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION
OUTLETS & FRANCHISEE INFORMATION

Table No. 1
: Systemwide Outlet Summary for For years 20202022 to 20232024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2022	0	0	0
	2022 2023	0	0	0
	2023 2024	0	0	0
Company-Owned²	2021	3	4	+1
<u>Company-Owned²</u>	2022	4	5	+1
	2023	5	5	0
Total Outlets³	2021 2024	3 <u>5</u>	4 <u>5</u>	+1 <u>+5</u>
<u>Total Outlets³</u>	2022	4	5	+1
	2023	5	5	0
	<u>2024</u>	<u>5</u>	<u>5</u>	<u>5</u>

¹ Each of the years reflected in tables 1 to 4 of this Item 20 are calendar years, each ending December 31st of the applicable year.

² These numbers reflect the ~~Next~~ NextHealth Centers owned by Parent.

Table No. 2
: Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) (other than the Franchisor) For years 20202022 to 20232024

State	Year	Number of Transfers
All States	2021	0
<u>All States</u>	2022	0
	2023	0
Total	2021 2024	0
<u>Total</u>	2022	0
	2023	0
	<u>2024</u>	<u>0</u>

Table No. 3
Status of Franchise Outlets For years 20202022 to 20232024

State	Year	Outlets at	Outlets	Terminations	Non-	Reacquired by	Ceased	Outlets at End
-------	------	------------	---------	--------------	------	---------------	--------	----------------

		Start of Year	Opened	Renewals	Franchisor	Operations-Other Reasons	of the Year
All States	2021 2022	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0
Total	2021 2022	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0

Table No. 4
: Status of Company-Owned Outlets¹ For Years 2022 to 2024
For years 2020 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021 2022	2 3	0	0	0	0	2 3
	2022 2023	2 3	1 0	0	0	0	3
	2023 2024	3	0	0	0	0	3
Hawaii	2021	0	1	0	0	0	1
Hawaii	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New York	2021 2024	1	0	0	0	0	1
New York	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021 2024	3 1	1 0	0	0	0	4 1
Total	2022	4	1	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5

¹ These numbers reflect ~~Next~~ NextHealth Centers owned by ~~Parent~~ affiliates.

Table No. 5
Projected Openings as of December 31, ~~2023~~2024

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

a			
California	7	7	1
Colorado	3	3	0
Florida	4	4	0
Illinois	3	3	0
Florida Massachusetts	1	1	0
Nevada	2	2	0
Tennessee	2	2	0
Texas	3	3	0
Tennessee Washington	1	1	0
Total	428	428	1

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

A list, as of December 31, 2024, of the names, addresses, and telephone numbers of our current franchisees ~~as of December 31, 2023 is attached as Exhibit D to this Disclosure Document. We have not had any~~ franchisees who have had a franchise terminated, canceled, not renewed, or who have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. , is attached as Exhibit D to this Disclosure Document.

During the last three fiscal years, ~~we haven't had any certain~~ franchisees, ~~so no franchisee has~~ have signed confidentiality clauses ~~that restrict it from discussing with you their experiences as a franchisee in our franchised system, and there are no trademark specific franchisee organizations representing NextHealth franchisees with us.~~ In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience as a Next Health franchisee. 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.

~~ITEM~~**ITEM 21**
~~FINANCIAL STATEMENTS~~**FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document is our (i) ~~our~~ unaudited balance sheet as of March 2025 and our profit and loss statement ~~as of for the period January 2025 to March 31 2025, 2024,~~ and (ii) audited balance sheet ~~for the fiscal year ended~~ as of March 21, 2025 and the related statements of operations and member's deficit and cash flows for the period from April 17, 2023 (inception) to December 31, 2023 and 2024, (iii) the accompanying statements of operations, changes in members' equity, and cash flows for each year. We have not been in existence long enough to provide all the financial statements required by the FTC Rule. Our fiscal year end is December 31st each year.

~~ITEM~~**ITEM 22**
~~CONTRACTS~~**CONTRACTS**

The following contracts are attached as exhibits to this Disclosure Document:

- Exhibit B—: ~~Form~~ Franchise Agreement**
~~Attachment A—Guaranty and Assumption of Obligations~~ [Appendix I: Franchisee Specific Terms](#)
[Appendix II: Payment & Performance Guarantee](#)
[Appendix III: Next Health Payment Authorization Forms](#)
~~Attachment B—Representation and~~ [Appendix IV: Closing](#)
Acknowledgement ~~Statement~~
~~Attachment C—Business Associate~~ [Appendix V: Security Agreement](#)
~~Attachment D—Form Management Agreement~~
- Exhibit C—: ~~Form~~ Area Development Agreement**
[Appendix I: Area Developer Specific Terms](#)
[Appendix II: Payment & Performance Guarantee](#)
[Appendix III: Next Health Payment Authorization Forms](#)
~~Attachment A—Guaranty and Assumption of Obligations~~ [Appendix IV: Security Agreement](#)
- Exhibit G—: ~~Sample General Release~~ Franchisee Specific Forms & Templates**
[Appendix I: Next Health Management Services Agreement](#)
[Schedule 2.1: Sublease Agreement](#)
[Schedule 2.2: Medical Equipment Lease Terms](#)
[Schedule 2.3: License Agreement](#)
[Appendix II: Business Associate Agreement](#)
[Appendix III: Special Power of Attorney General Consent & Release Lease Rider](#)
- Exhibit H—: State Riders**

~~ITEM~~ **ITEM 23**
~~RECEIPTS~~ [RECEIPTS](#)

Two copies of a detachable receipt acknowledging your receipt of this disclosure (~~one~~ one copy is for you and the other is to be signed by you and given to us) appear as Exhibit I.

DIRECTORY OF FRANCHISE REGULATORS,
STATE ADMINISTRATORS,
& AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Exhibit A

Next Health Franchising LLC
2024 FDD | Ex. A - State Agencies
1505.004.002/398739

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS, & AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of these states.

Federal

CALIFORNIA

Department of Financial Protection & Innovation:

Toll Free: 1-(866)-275-2677

Los Angeles

Commissioner of Financial Protection & Innovation

320 West 4th Street

Suite 750

Los Angeles, California 90013

(213)-576-7505

Sacramento

Commissioner of Financial Protection & Innovation

2101 Arena Blvd.

Sacramento, CA 95834

(916)-445-7205

San Diego

Commissioner of Financial Protection & Innovation

1455 Frazee Road, Suite 315

San Diego, California 92108

(619)-610-2093

San Francisco

Commissioner of Financial Protection & Innovation

One Sansome Street, Suite 600

San Francisco, California 94104-4428

(415)-972-8559

HAWAII

(state administrator)

Business Registration Division

Securities Compliance Branch

Department of Commerce

and Consumer Affairs

P.O. Box 40

Honolulu, Hawaii 96810

(808)-586-2722

(agent for service of process)

Commissioner of Securities of the State of Hawaii

Department of Commerce and Consumer Affairs

Business Registration Division

Securities Compliance Branch

335 Merchant Street, Room 203

Honolulu, Hawaii 96813

(808)-586-2722

ILLINOIS

Franchise Bureau

Office of the Attorney General

500 South Second Street

Springfield, Illinois 62706

(217)-782-4465

INDIANA

(state administrator)
Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)
Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7177

(agent for service of process)
Michigan Department of Commerce,
Corporations, Securities, and Commercial
Licensing Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

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

NORTH DAKOTA

[Federal Trade Commission](#)
(state administrator)
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol—Fourteenth Floor, Dep’t 414
Bismarek, North Dakota 58505-0510
(701) 328-4712
(agent for service of process)
Securities Commissioner
600 East Boulevard Avenue
State Capitol—Fourteenth Floor, Dep’t 414
Bismarek, North Dakota 58505-0510
(701) 328-4712

OREGON

Department of Business Services
Division of [Financial Regulation](#)[Marketing](#)
[Practices](#)
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387
[Seventh and Pennsylvania Avenues](#)

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

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

VIRGINIA

(state administrator)
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051
(agent for service of process)
Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)
Washington—Department—of—Financial
Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760
(agent for service of process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road, [S.N.W. Room 238](#)
[Tumwater, Washington 98501, DC 20580](#)
[202-326-2970](#)

WISCONSIN

(state administrator)
Securities and [State Franchise](#)
Registration [Regulators](#)

	AGENCY	New York	<u>NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8236 Phone (212) 416 – 6042 Fax</u>	<u>Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0500 (518) 473-2492</u>
	<u>Department of Financial Protection & Insurance Toll Free: 1 (866) 275-2677 Los Angeles Commissioner of Financial Protection & Insurance 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505</u>	North Dakota	<u>North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 14th Floor, Dep't 414 Bismarck, ND 58505-0510 (701) 328-4712</u>	<u>Securities Commission 600 East Boulevard Avenue State Capitol – 14th Floor Bismarck, ND 58505-0510 (701) 328-4712</u>
	<u>Sacramento Commissioner of Financial Protection & Insurance 2101 Arena Blvd., Sacramento, CA 95833 (916) 445-7205</u>	Rhode Island	<u>Department of Business Regulation Division of Securities John O. Pastore Complex Building 69-1 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462-9645</u>	
	<u>San Diego Commissioner of Financial Protection & Insurance 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 610-2093</u>	South Dakota	<u>Division of Insurance, Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</u>	
	<u>San Francisco Commissioner of Financial Protection & Insurance 1 Sansome Street, Suite 600 San Francisco, CA 94104-4422 (415) 972-8559</u>	Virginia	<u>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051</u>	<u>Clerk, State Corporation Commission 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9732</u>
	<u>Business Registration Division Securities Compliance Branch Department of Commerce & Consumer Services P.O. Box 40, Honolulu, HI 96809 (808) 586-2722</u>	Washington	<u>Washington Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760</u>	<u>Director Department of Financial Institutions Securities Division 150 Israel Road, Suite 200 Tumwater, WA 98543 (360) 892-2222</u>
		Wisconsin	<u>Securities and Franchise Registration Wisconsin Department of Financial Institutions 4022 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-1064</u>	<u>Office of the Secretary Wisconsin Department of Financial Institutions P.O. Box 8861 Madison, WI 53708-0861 (608) 261-9555</u>
	<u>Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465</u>			
	<u>Indiana Secretary of State Securities Division, E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</u>		<u>Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531</u>	
	<u>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360</u>		<u>Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360</u>	
	<u>Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48909 (517) 373-7177</u>		<u>Michigan Department of Commerce, Corporations, Securities, & Commercial Licensing Bureau P.O. Box 30054, 6546 Mercantile Way Lansing, MI 48909</u>	
	<u>Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600</u>		<u>Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600</u>	

~~Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064~~

~~(agent for service of process)~~

~~Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555~~

FRANCHISE AGREEMENT

~~EXHIBIT~~ Exhibit B
~~FORM FRANCHISE AGREEMENT~~



~~NEXT HEALTH FRANCHISING~~ NEXT HEALTH FRANCHISING, LLC
FRANCHISE AGREEMENT

~~FRANCHISE AGREEMENT~~



FRANCHISEE: _____
DEVELOPER **(if applicable)**: _____

CENTER NUMBER: NH
CENTER ~~Address~~ NAME: TBD
EFFECTIVE DATE: _____

NEXT HEALTH FRANCHISING LLC
FRANCHISE AGREEMENT
DATA SHEET

1. Effective Date of Agreement:- _____

2. Franchisee:

Name:	
Address:	
Attention:	
Email Address:	
Phone:	
Date of Formation:	
State of Formation:	

3. Business Entity Type:

<input type="checkbox"/>	Professional Medical Corporation
<input type="checkbox"/>	Limited Liability Company
<input type="checkbox"/>	Corporation
<input type="checkbox"/>	General Partnership
<input type="checkbox"/>	Limited Partnership
<input type="checkbox"/>	Other: _____

4. Franchisee Owners:

Name	Address	Type of Interest	Percentage Held	Licensed to Provide Medical Services?	
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No

5. Premises [Section 2.A]: _____

6. Designated Area [Section 2.B]: _____

7. Search Area [Section 3.B] (check one):

<input type="checkbox"/>	Not applicable
<input type="checkbox"/>	Development Area identified in the Area Development Agreement dated _____, between us and _____.
<input type="checkbox"/>	The area shown on the following map: [attach map]

8. **Certain Fees** (the amount shown in the “Amount” column unless a different amount is shown in the “Other” column):

Fee	Amount	Other
Lease Review Fee [Section 3.A]	\$1,500	
Architect & General Contractor Review Fee [Section 3.C]	\$2,000 per vendor	
Construction Management Fee [Section 3.D]	\$20,000	
Initial Franchise Fee [Section 4.A]	\$80,000	
Royalty [Section 4.B]	9% of Gross Sales	
Relocation Fee [Section 4.D]	\$15,000	
Marketing Creative Service Fee [Section 4.E]	\$75 per hour	
Initial Training Fee [Section 5.A]:		
• Nurse Practitioner	\$5,000	
• Aesthetic RN:	\$2,500	
Technology Fee [Section 9.C]	\$700 per month	
Brand Fund Contribution [Section 10.B]	1% of Gross Sales	

9. **Initial Required Personnel** [Section 9.A]:

Position / Title	Name and Contact Information (Initial)
Managing Owner	
Medical Service Manager	
Medical Director	
General Manager	
Nurse Practitioner	
Aesthetic RN	

10. **Nursing Care Area** [Section 9.D] (check one):

<input type="checkbox"/>	Not applicable
<input type="checkbox"/>	
<input type="checkbox"/>	Designated Area
<input type="checkbox"/>	
<input type="checkbox"/>	The area shown on the following map: [attach map]
<input type="checkbox"/>	

11. **Local Marketing Expenditure** [Section 10.C]: \$3,000 per month Other \$ _____

12. **Additional Terms or Modifications to the Agreement.** The following terms, if any, supplement or amend the provisions of the Franchise Agreement Terms attached hereto and will control in the event of any conflicts:

[insert as applicable]

13. **Acknowledgement and Acceptance of Agreement.** By signing below, you represent and warrant to us that the information contained in this Data Sheet is true and correct and acceptable to you. The parties, intending to be legally bound, accept and agree that this Data Sheet and the accompanying Franchise Agreement

~~Terms (together, the “**Agreement**”) describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.~~

~~**IN WITNESS WHEREOF**, the parties have executed and delivered this Data Sheet on the dates noted below.~~

~~**NEXT HEALTH FRANCHISING LLC**, a
Delaware limited liability company~~

~~**FRANCHISEE:**~~

~~_____

{Name}~~

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

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



**FRANCHISE AGREEMENT TERMS
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NEXT HEALTH FRANCHISING, LLC

FRANCHISE AGREEMENT

®

FRANCHISE AGREEMENT TERMS

The following THIS FRANCHISE AGREEMENT Terms (these "Terms") form an integral part of the Agreement is made and entered into on the date specified on Appendix I (the "Effective Date") by and between Next Health Franchising, LLC, a Delaware limited liability company having, with its address principal place of business at 8560 West Sunset Boulevard, Suite 650, West Hollywood, California CA 90069 ("us hereinafter referred to as "Franchisor"); and the party signing the attached Data Sheet listed on Appendix I to this Agreement (hereinafter referred to as the "Franchisee" ("you")).

1. PREAMBLES.

RECITALS

A. BACKGROUND.

We WHEREAS, Franchisor grants franchises (each a "Franchise") for developing, owning, and operating businesses (each a "Next NextHealth Center") that arrange for the provision of certain services that, in certain states, can only be provided by or under the supervision of a licensed physician or other licensed medical provider ("Medical Services"), that provide certain and other longevity and wellness services and products that are not Non-Medical Services, and that offer and sell certain longevity and wellness-focused products to their clients. Next NextHealth Centers are currently identified by the trademark "Next NextHealth" (together, with such other trademarks, service marks, trade names, and commercial symbols we Franchisor periodically designate, the "Marks") and are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, each of which we Franchisor may replace, further develop, or otherwise modify or discontinue from time to time (collectively, the "System").

You have WHEREAS, Franchisee has requested that we Franchisor grants you a Franchisee a Next Health Franchise and, to support your Franchisee's request, you Franchisee and, as applicable, your Franchisee's owners have provided us Franchisor with certain information about you and their Franchisee and Franchisee's background, experience, skills, financial condition, and resources (collectively, the "Application Materials"). In reliance, in part, on the Application Materials, we are Franchisor is willing to grant you Franchisee the Franchise on the terms and conditions contained in the Agreement. Your Franchisee's Next NextHealth Center is referred to as you the "Center."

B. BUSINESS ENTITY.

If you are WHEREAS, If Franchisee is not a natural person, you Franchisee agrees, represents and warrants to us Franchisor that: (1) you were Franchisee was validly formed and are is and will maintain, throughout the Term (defined below), you Franchisee's existence and good standing in all relevant jurisdictions in which it operates; (2) the only business you will own or operate Franchisee's activities during the Term will be you shall be confined to the ownership and operation of Franchisee's Center and any other Next NextHealth Centers you that Franchisee operates pursuant to other franchise agreements with us Franchisor; (3) at our Franchisor's request, you Franchisee will furnish us Franchisor with copies of all documents regarding you Franchisee's formation, existence, standing, ownership interest, and governance; and (4) each of you Franchisee's owners that has any direct or indirect ownership in you Franchisee (each an "Owner") and, if the Agreement is signed pursuant to an Area Development Agreement, the developer under that agreement will sign and deliver to us our Franchisor its then-standard form of the Payment & Performance Guaranty and Assumption of Obligations (the "Guaranty"), the current form of which is attached as Attachment A Appendix II. The non-owner spouse

of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

~~2. THE FRANCHISE.~~

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

~~A. GRANT.~~

I. THE FRANCHISE

We1.1 Grant. Franchisor hereby grants youFranchisee the right to develop, own, and operate a NextNextHealth Center. YouThe Center will operate solely at the “Premises” identified ~~on the attached Data Sheet in Appendix I~~ or that weFranchisor subsequently approve as described in ~~Section 3-Section 2~~ below, for a term beginning on the Effective Date and, unless sooner terminated as provided herein, expiring at the close of regular business on the day preceding the tenth (10th) anniversary of the Effective Date (the “Term”). Except as expressly provided in the Agreement, youFranchisee agrees that youFranchisee’s Center will not offer its products or services at any location other than the Premises and to use the Premises only for youFranchisee’s Center. YouFranchisee also agrees that, once yourits Center opens for business, youFranchisee will continuously operate it in accordance with these Terms throughout the entire duration of the Term.

~~B. EXCLUSIVITY; RESERVATION OF RIGHTS.~~

1.2 Exclusivity; Reservation of Rights. As long as you areFranchisee is in compliance with these Terms and the Management Agreement (as defined in ~~Section 9.A.), we~~ Section 8.1), Franchisee will not, during the Term, operate, or grant a license to a ~~third-party~~third (3rd) party to develop, own, or operate, a NextNextHealth Center located within the Designated Area identified ~~on the attached Data Sheet in Appendix I~~. Notwithstanding the foregoing, weFranchisor and ~~our~~Franchisor’s Affiliates have and retain all rights within and outside the Designated Area that are not expressly and exclusively granted to youFranchisee under the Agreement and the right to do anything that we haveFranchisor has not, in these Terms, expressly agreed not to do, including the right to do and to authorize others to do the following:

1.2.1 ~~(1)~~ develop, own, operate, and license others the right to develop, own, or operate, any business (including NextNextHealth Centers) using the System Standards and/or the Marks, at any location outside the Designated Area on such terms and conditions weFranchisor deems appropriate;

1.2.2 ~~(2)~~ develop or become associated with other businesses, including other health and wellness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Designated Area;

1.2.3 ~~(3)~~ acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and (i) convert the other businesses to NextNextHealth Centers or operate as part of the NextNextHealth Center System, or (ii) permit the other businesses to continue to operate under another name;

1.2.4 ~~(4)~~ directly, or indirectly, market, offer and sell products and services similar to those offered by NextNextHealth Centers that are not sold through Franchise Centers or under trademarks other than the Marks at any location, both within and outside the Designated Area;

1.2.5 ~~(5)~~ market and sell anywhere (inside and outside the

Designated Area), and grant to others the right to market and sell anywhere (inside and outside the Designated Area), products and services that are authorized for sale at ~~Next~~ NextHealth Centers through alternative channels of distribution (like mail order, the Internet, e-commerce and catalog sales, and product lines in other businesses) using the Marks or other trademarks and commercial symbols; and

1.2.6 ~~(6)~~ open and operate, or license third ~~(3rd)~~ parties the right to open or operate Special Venue Locations located within and outside the Designated Area without compensation to you, and without this being a breach or default of the Franchise Agreement. “**Special Venue Locations**” are temporary or permanent Next ~~Next~~Health Centers located in hotels, resorts, health clubs, sports arenas, entertainment facilities, military facilities, and any captive location or host facility whose retail operations are controlled by a third ~~(3rd)~~ party or in ~~our~~ Franchisor’s judgment should be operated by a third ~~(3rd)~~ party.

~~3. DEVELOPMENT AND OPENING OF YOUR CENTER.~~

~~A. LOCATING AND SECURING POSSESSION OF THE PREMISES.~~

~~II. DEVELOPMENT & OPENING OF FRANCHISEE’S CENTER~~

~~You are~~ 2.1 Locating & Securing Possession of the Premises. Franchisee is entirely responsible, at ~~your~~ Franchisee’s expense, for ~~doing everything necessary to~~ developing and opening ~~your~~ the Center in accordance with these Terms, ~~including, s~~ Subject to ~~our~~ Franchisor’s prior written acceptance, Franchisee must locate, select, and secure possession of the Premises from which ~~your~~ the Center will operate. If the Premises are not identified in ~~the attached Data Sheet when you sign the~~ Appendix I when Franchisee signs the Franchise Agreement, ~~you~~ Franchisee must, within ninety (90) days after the Effective Date, locate and obtain ~~our~~ Franchisor’s approval of the Premises, which must be located within the Search Area identified ~~on the attached Data Sheet. You must provide any information we request to aid in our evaluation of your proposed Premises. We~~ in Appendix I. Franchisor may evaluate the proposed Premises based on any criteria ~~we believe are relevant. Criteria that may have been effective for some premises might not accurately reflect the potential for all premises, including yours. Demographic and other factors could change after we accept the Premises. Our~~ Franchisor believes is relevant, and Franchisee must provide any information requested to aid in Franchisor’s evaluation of the proposed Premises. Franchisor’s approval of the Premises is entirely for ~~our~~ Franchisor’s own benefit and may not be relied upon as representations, warranties, or ~~indications~~ guaranty of any kind, including as to the suitability of the Premises or the likelihood of success of ~~your~~ the Center at the Premises. Franchisee acknowledges that the Franchisor’s evaluation criteria may vary based on the location and other key demographics.

~~You~~ Franchisee must secure possession of the Premises within ninety (90) days following ~~our~~ Franchisor’s approval, by signing a lease, sublease or other agreement that allows ~~you~~ Franchisee to develop and operate ~~your~~ the Center at the Premises for the entire Term (the “Lease”). ~~You~~ Franchisee may not, however, sign the Lease until ~~you have~~ Franchisee has received ~~our~~ Franchisor’s written approval of its terms. As a condition to ~~our~~ Franchisor’s acceptance of the Lease, ~~we~~ Franchisor may require the Lease to include certain provisions that ~~we~~ Franchisor periodically require to protect and maintain the ~~Next~~ NextHealth brand and the System. ~~Our~~ Franchisor’s current Lease requirements are reflected in ~~our~~ Franchisor’s form of lease addendum that is included as part of ~~our~~ the Next Health Operations Manual and SOPs, as defined in Section 4. If the landlord of the Premises requires changes to ~~our~~ Franchisor’s standard lease addendum, a copy of which is annexed to the Operations Manual, ~~you~~ Franchisee must pay ~~us~~ Franchisor a ~~Lease~~ Review ~~Fee~~ of ~~one thousand and five hundred dollars (\$1,500, as outlined in Appendix I (the “Lease Review Fee”),~~ to offset the expenses ~~we~~ Franchisor incurs to conduct the review. If ~~we~~ Franchisor accepts the Lease, ~~we~~ Franchisor will do

so for ~~our~~its own purposes, and ~~we~~Franchisor make no representation or warranty as to the quality or suitability of the Lease or its terms for ~~your~~Franchisee's purposes. ~~We~~ Franchisor recommends ~~you obtain~~Franchisee retains the ~~advice~~services of ~~your~~its own professional advisors, including an attorney, before signing ~~it~~ the Lease. You acknowledge that we have advised you to have an attorney review and evaluate the Lease. Franchisee must provide ~~us~~Franchisor with the fully executed (by all parties) copy of the Lease (together with all exhibits) and Lease Addendum within ten (10) days after its execution.

B-2.2 Development ~~AND~~ Opening of ~~YOUR~~Franchisor's Center.

Franchisor ~~We~~ will provide ~~you our~~Franchisee Franchisor's then-current prototypical plans showing the standard layout and placement specifications for all required equipment, supplies, the Computer System (defined below), furniture, fixtures and ~~sign~~sage (all of the foregoing being referred to, collectively, as the "Operating Assets"). ~~You~~ Franchisee must, by the earlier of (1) three hundred (300) days after ~~you~~Franchisee signs the Lease, or (2) four hundred-eighty (480) days after the Effective Date, do all things necessary to develop and open ~~your~~the Center in accordance with these Terms, the System Standards, the Medical Standards (as defined in ~~Section 9.1~~Section 8.10), and applicable laws, including adapting the prototypical plans; acquiring and installing the Operating Assets; constructing ~~your~~the Center using approved vendors; retaining and paying all architects and contractors; securing all required operating permits, licenses, and insurance coverage to operate ~~your~~the Center; and retaining and training all necessary employees and contractors in compliance with applicable laws.

~~You~~Franchisee may not open ~~your~~the Center for business until (i) ~~your~~Franchisee's Medical Director confirms in writing that ~~your~~the Center is equipped and appropriately staffed in compliance with the Medical Standards, and ~~(ii) we have~~approves the Center as developed in accordance with our specifications and standards, (ii) ~~Franchisor has~~ confirmed in writing that ~~you have~~Franchisee has paid all fees due ~~us, you and you~~to Franchisor, (iii) ~~Franchisee and Franchisee's~~ designated personnel have successfully completed all required training, ~~and we have~~ to our satisfaction, (iv) any pre-opening marketing requirements have been completed to our satisfaction, and (v) ~~Franchisor has~~ received all documents ~~we~~Franchisor requires regarding the development and opening of ~~your Center~~the Center including, but not limited to, copies of all insurance policies required by this Agreement, or applicable law, and any entity formation and organizational documents. Subject to ~~your~~Franchisee's compliance with applicable laws, ~~you~~Franchisee must open ~~your~~the Center for regular business not later than five (5) days following ~~our~~Franchisor written confirmation of those items.

C-2.3 Architect ~~AND~~ General Contractor Review.

Franchisor recommends ~~We recommend~~ that ~~you~~Franchisee engages ~~our~~its designated architect and general contractor to develop ~~your~~the Center; however, if ~~you~~Franchisee wish to engage any alternate architect or general contractor then ~~we~~Franchisor reserves the right to evaluate and approve ~~your~~Franchisee's proposed architect or general contractor. ~~If we based on criteria that Franchisor establishes.~~ If Franchisor exercises that right, youFranchisee will pay ~~us~~Franchisor the Architect ~~and~~ General Contractor Review Fee (the "Architect & General Contractor Review Fee"), as identified ~~on the attached Data Sheet in Appendix I~~, to compensate ~~us~~Franchisor for the time ~~we spend~~ evaluating and training ~~your~~Franchisee's preferred architect or general contractor.

D-2.4 Construction Management Services.

Franchisee agrees ~~You agree~~ to pay ~~us~~Franchisor the Construction Management Fee, as identified on the attached Data Sheet in Appendix I (the "Construction Management Fee"), to oversee the development of ~~your~~the Center.

E. LIQUIDITY AND FINANCING.

~~We have~~2.5 Liquidity & Financing. Franchisor has granted the Franchise to youFranchisee based, in part, on youFranchisee's representations to usFranchisor regarding, and ~~our~~Franchisor assessment of, youFranchisee's liquidity as of the Effective Date. ~~You, and Franchisee's evaluation of and reliance on such information provided by Franchisee.~~ Franchisee will ensure that, throughout the Term, youFranchisee will maintain sufficient liquidity to meet youFranchisee's obligations under the Agreement. WeFranchisor reserves the right to establish and modify specific liquidity requirements from time to time, and youFranchisee agrees to comply with them. If at any time ~~you or your~~Franchisee or its Affiliates propose to obtain any financing in which the Premises, ~~you the~~ Center or any aspects of its operation, or any Operating Assets are intended to be pledged as collateral to secure youFranchisee's performance in connection with such financing, the proposed loan and security agreements must be acceptable to usFranchisor before youFranchisee signs them. ~~We do~~Franchisor does not allow the Franchise or the Agreement to be used as collateral for repayment of any such loans, and youFranchisee agrees not to grant a security interest in them, or in any of the Operating Assets without the Franchisor's express written knowledge and approval.

~~4.~~CERTAIN FEES.

III. CERTAIN FEES

~~A-3.1~~ Initial Franchise Fee.

Franchisee agrees ~~You agree~~ to pay usFranchisor, on youFranchisee's execution of the Agreement, a nonrecurring and nonrefundable initial franchise fee in the amount shown ~~on the attached Data Sheet in~~ Appendix I (the "Initial Franchise Fee").

~~B-3.2~~ Royalty Fee.

Throughout the Term, youFranchisee agrees to pay usFranchisor a royalty fee (the "**Royalty**") at the rate identified ~~on the attached Data Sheet in~~ Appendix I. The Royalty will be due and payable based on the Gross Sales (as defined below) for such periods and in such intervals that ~~we~~Franchisor requires from time to time. Notwithstanding anything to the contrary, if any applicable law prohibits or restricts in any way youFranchisee's ability to pay, or ~~our~~Franchisor's ability to collect, Royalty or other amounts based on Gross Sales derived from the operation of ~~you the~~ Center, then ~~we~~Franchisor reserves the right to modify youFranchisee's payment obligations to usFranchisor under the Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both usFranchisor and youFranchisee as currently provided in the Agreement. In such event, youFranchisee agrees to execute the appropriate document(s) in the form ~~we~~Franchisor prescribes to give effect to or take account of such revisions.

Since Royalty is calculated on the Center's Gross Sales, youFranchisee will, among other things, deprive usFranchisor of ~~our~~its revenue stream if youFranchisee temporarily close ~~you the~~ Center without ~~our~~its consent, regardless of whether the closure is due to a Force Majeure or any other event. In that instance, if ~~we do~~Franchisor does not exercise ~~our~~its right to terminate the Agreement, youFranchisee's Royalty for the period of temporary closure will be the greater of the average of the Royalty owed for the three (3) Royalty periods immediately preceding the temporary closure or ~~\$2,000~~Two thousand and 00/100 Dollars (\$2,000.00) for each week ~~you the~~ Center is temporarily closed (prorated as appropriate). Payment of Royalty under this paragraph addresses only one (1) element of damages caused by an unauthorized closure, so such payments will not act as a cure of the default caused by the unauthorized closure and will not impair any other rights ~~we~~Franchisor have under the Agreement or any other agreements between ~~us and you or your~~Franchisor and Franchisee or Franchisee's Affiliates, all of which are reserved. ~~You~~Franchisee may not re-open ~~you the~~ Center with ~~our~~Franchisor's prior written consent.

C-3.3 Definition of “Gross Sales”.

As used in the Agreement, “**Gross Sales**” means all revenue generated from the operation of youthe Center (whether or not in compliance with the Agreement), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions), but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority, (2) the amount of any documented refunds and credits youthe Center in good faith gives to clients and youFranchisee’s employees, and (3) the amount of any discounts from the advertised price that are given at the point of purchase and that are reasonable and, if applicable, are consistent with any discount policies that weFranchisor may announce from time to time as part of the System Standards. Revenue from the purchase or redemption of gift certificates, gift cards, loyalty, or similar programs is calculated as part of Gross Sales in accordance with ourFranchisor’s then-current guidelines for such programs. Gross Sales also include all insurance proceeds youFranchisee receives to replace revenue that youFranchisee loses from the interruption of youthe Center due to a casualty or other event covered by business interruption or similar insurance coverage. Gross Sales do not include revenue generated from the provision of Medical Services at youthe Center.

D-3.4 Relocation Fee.

Franchisee You will not relocate youthe Center without ourFranchisor’s prior written consent. You, which will not be unreasonably withheld, conditioned, or denied. Franchisee must, concurrently with youFranchisee’s request for relocation of youthe Center, pay usFranchisor the Relocation Fee identified ~~on the attached Data Sheet. If we~~ in Appendix I (the “**Relocation Fee**”). If Franchisor approves youthe new proposed Premises, wewithin the Designated Area, Franchisor may condition ourits consent to the relocation of youthe Center in any manner weFranchisor deems appropriate.

E- OTHER FEES:

3.5 Other Fees. In addition to the fees provided in ~~Sections 4.A, 4.B, and 4.D above, you~~ Sections 3.1, 3.2, and 3.4, Franchisees agrees to pay usFranchisor the fees identified ~~on the attached Data Sheet in Appendix I~~ and elsewhere in these Terms.

F-3.6 Supplemental Products & Services.

Franchisee You also acknowledges and agrees that weFranchisor might, from time to time, develop programs or provide services that might, ~~in our~~at its discretion, be either optional or mandatory in connection with the operation of Next NextHealth Centers. In connection with such programs and services, weFranchisor may charge an initial and/or continuing fees, which are subject to change from time to time in ourits sole discretion. YouFranchisee agrees to pay the associated fees, in the manner and amounts weFranchisor designates from time to time ~~for you~~in exchange for Franchisee’s participation in the programs or services.

G-3.7 Non-Compliance Charge.

The Royalty ~~we~~that Franchisor charges under the Agreement was determined based on the assumption that youFranchisee will comply with yourits obligations hereunder. If ~~you do~~Franchisee does not comply with yourits obligations, weFranchisor will incur additional costs and expenses. Therefore, if weFranchisor determines that ~~you are~~Franchisee is not in compliance with yourits obligations under the Agreement, youFranchisee’s Royalty rate will be increased by one percentage (1%) ~~percentage~~ point until weFranchisor determines that ~~you have~~Franchisee has cured all deficiencies and are compliant with all terms of the Agreement, at which time it will revert to the rate shown in ~~Section 4.A-Section 3.1~~ above. Payment of the non-compliance charge is not a cure of the non-compliance that triggered its payment. The non-compliance fee is intended to compensate usFranchisor for certain expenses or losses weit will incur as a result of the non-

compliance and is not a penalty or an expression of the total amount of such damages. Nothing in this Section limits any of ~~our~~Franchisor's other rights and remedies available under the terms of these Terms.

~~H-3.8~~ Late Payments AND Reporting.

All amounts ~~you~~Franchisee owes ~~us~~Franchisor for any reason will bear interest after ~~their~~Franchisee's due date at one and a half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. ~~We~~Franchisor will charge a service fee of ~~e~~One hundred, and ~~00/100~~ ~~d~~Dollars (~~\$100~~100.00) per occurrence for checks returned to ~~us~~Franchisor due to insufficient funds or in the event there are insufficient funds in the business account ~~you~~Franchisee designates to cover ~~our~~Franchisor's withdrawals. ~~We~~Franchisor may debit ~~your~~Franchisee's bank account automatically for the service charge and interest. ~~You~~Franchisee acknowledges that this ~~Section 4.H-Section 3.8~~ is not ~~our~~Franchisor's agreement to accept any payments after they are due or ~~our~~is Franchisor's commitment to extend credit to, or otherwise finance ~~your~~Franchisee's operation of, ~~your~~ the Center.

If ~~you~~Franchisee fails to report the Gross Sales in the manner that ~~we~~Franchisor requires from time-to-time, ~~we~~Franchisor may debit ~~your~~Franchisee's account for one hundred, ten percent (110%) of the average of the last three (3) Royalty payments and Brand Fund contributions that ~~we~~Franchisor debited. If the amounts that ~~we~~Franchisor debit from ~~your~~Franchisee's account under this paragraph are less than the amounts ~~you~~Franchisee actually owes ~~us~~Franchisor (once ~~we have~~Franchisor has determined the true and correct Gross Sales), ~~we~~Franchisor will debit ~~your~~Franchisee's account for the balance on the day ~~we~~Franchisor specify. If the amounts that ~~we~~Franchisor debit from ~~your~~Franchisee's account are greater than the amounts ~~you~~Franchisee actually owes ~~us~~, ~~we~~Franchisor, Franchisor will credit the excess against the amounts ~~we~~Franchisor otherwise would debit from ~~your~~Franchisee's account during the following week.

~~I-3.9~~ Application of Payments; Set-Offs.

Despite any designation ~~you~~Franchisee makes, ~~we~~Franchisor may apply any of ~~your~~Franchisee's payments to any of ~~your~~Franchisee's past due indebtedness to ~~us~~. ~~We and our~~Franchisor, Franchisor and its Affiliates may set off any amounts ~~you or your~~Franchisee or its Affiliates owe to ~~us or our~~Franchisor or its Affiliates against any amounts ~~we or our~~Franchisor or its Affiliates owe ~~you or your~~Franchisee or its Affiliates. ~~You~~Franchisee may not withhold payment of any amounts owed to ~~us~~Franchisor on the grounds of ~~our~~Franchisor's alleged nonperformance of any of ~~our~~its obligations under the Agreement or for any other reason, and ~~you~~Franchisee specifically waives any right ~~you~~Franchisee may have at law or in equity to offset any funds ~~you~~Franchisee may owe ~~us~~Franchisor or to fail or refuse to perform any of ~~your~~Franchisee's obligations under the Agreement.

~~J-3.10~~ Method of Payment.

~~Franchisor~~ ~~We~~ may require ~~you~~Franchisee, and ~~you~~Franchisee agrees, to pay any amounts ~~you~~Franchisee owes ~~us or our~~Franchisor or its Affiliates by any means ~~we~~Franchisor periodically specify whenever ~~we~~Franchisor deems appropriate. Currently, ~~you~~Franchisee authorizes ~~us~~Franchisor to debit ~~your~~Franchisee's designated bank account for all such amounts (the "EFT Authorization"). ~~You~~ Franchisee agrees to sign and deliver to ~~us~~Franchisor any documents ~~we~~Franchisor and ~~your~~Franchisee's bank requires for such EFT Authorization. Such EFT Authorization shall remain in full force and effect at all times the Agreement is in effect and for thirty (30) days following its expiration or termination.

K-3.11 No Referral Fee, Gratuities, or Gifts.

Any payment made by ~~you to us or our~~ Franchisee to Franchisor or Franchisor's Affiliates pursuant to the Agreement or any other agreement will not amount to payment for the referral of customers to ~~you, and you~~ Franchisee and shall not violate any federal, state, or local anti-kickback statutes or otherwise, and Franchisee acknowledge and agree that the services ~~we~~ Franchisor and ~~our~~ Franchisor's Affiliates offer do not include the referral of customers. Neither ~~you~~ Franchisee nor ~~your~~ Franchisee's Owners will make or offer any gratuity, gift, personal service, favor, or other preferential treatment of any kind to ~~us, our~~ Franchisor, Franchisor's Affiliates, ~~our or our~~ Franchisor or Franchisor's Affiliates' owners or employees, or family members of ~~our or our~~ Franchisor's or Franchisor's Affiliates' owners or employees. The foregoing does not include reasonable food and beverage or other customary courtesies.

5-IV. TRAINING AND ASSISTANCE.

A-4.1 Initial Training.

Pursuant to ~~Section 9.A~~ Section 8.1 below, ~~you are~~ Franchisee is required to retain and have in place at all times certain required personnel including a General Manager, a Nurse Practitioner, and an Aesthetic RN (as defined in ~~Section 9.A~~). ~~You~~ Section 8.1. Franchisee may not open ~~your~~ Franchisee's Center to the public until ~~your~~ Franchisee's Managing Owner, General Manager, Nurse Practitioner, and Aesthetic RN (collectively, the "Required Trainees") complete ~~our~~ Franchisor's initial training programs to ~~our~~ Franchisor's satisfaction. ~~We~~ Franchisor will determine the scheduling, location, content, length and format of ~~our~~ Franchisor's initial training program, and ~~we~~ Franchisor reserves the right to require that all ~~your~~ Franchisee's trainees attend and participate at the same time. ~~We do, or to establish any other reasonable guidelines.~~ Franchisor does not charge any fee for providing initial training to ~~your~~ Franchisee's initial Managing Owner and ~~your~~ Franchisee's initial General Manager; however, ~~you~~ Franchisee must pay ~~us~~ Franchisor the Training Fee in the amount shown ~~on the attached Data Sheet in Appendix I (the "Training Fee")~~ for providing initial training to ~~your~~ Franchisee's Nurse Practitioner and Aesthetic RN. Any replacement or substitute Required Trainee must complete initial training for their respective positions to ~~our~~ Franchisor's satisfaction prior to serving in such positions, and ~~we~~ Franchisor reserve the right to charge a reasonable fee for any initial training provided to any replacement or successor Required Trainees. ~~You~~ Franchisee will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending the initial training program on ~~your~~ Franchisee's behalf or at ~~your or our~~ Franchisee's or Franchisor's request.

B-4.2 Training of Employees.

Franchisee ~~You~~ must implement a training program that ~~we~~ Franchisor approve for employees of ~~your~~ Franchisee's Center, and ~~you~~ Franchisee will be responsible for the proper training of ~~your~~ Franchisee's employees; however, ~~we do~~ Franchisor does not require or authorize ~~you~~ Franchisee to provide any medical training to licensed healthcare professionals. Any training related to the provision of Medical Services shall be facilitated and organized by the Medical Service Manager and the Medical Director, at the Medical Director's sole direction and discretion. ~~You~~ Franchisee must ensure that everyone ~~you~~ Franchisee employs successfully completes the training program, is properly trained, and is qualified to perform his ~~or~~ her duties at ~~your~~ Franchisee's Center in accordance with the applicable laws and System Standards.

C-4.3 Opening Assistance.

Franchisor ~~We~~ may, at ~~our~~ Franchisor's discretion, provide on-site assistance with the initial opening of ~~your~~ Franchisee's Center. The timing, the identity of the person(s) providing, and the length of such assistance

will be determined by ~~us in our~~ Franchisor in Franchisor's discretion. ~~We~~ Franchisor will not charge a fee for providing opening assistance, but if ~~we~~ Franchisor determines it to be necessary to increase or re-schedule ~~our~~ Franchisor's available resources to accommodate the timing of the opening of ~~your~~ Franchisee's Center or the kind or extent of assistance ~~we~~ Franchisor determine to be necessary, ~~we~~ Franchisor may require that ~~you~~ Franchisee reimburse ~~our~~ Franchisor's expenses associated with doing so. ~~Our~~ Franchisor's personnel supporting ~~your~~ Franchisee's Center's opening will not be responsible for the operation of ~~your~~ Franchisee's Center or providing or supervising Medical Services at ~~your Center~~ Franchisee's Center and Franchisee shall be solely responsible for ensuring that the Center is fully staffed and operational.

D.4.4 Additional Training.

~~Franchisee's~~ ~~Your~~ Required Trainees and/or such other persons as ~~we~~ Franchisor may designate from time to time must attend such additional or remedial training programs and seminars as ~~we~~ Franchisor may offer periodically. ~~You~~ Franchisee must pay ~~our~~ Franchisor's then-current training fee for any additional training designated by ~~us~~ Franchisor or requested by ~~you~~. ~~You~~ Franchisee. Franchisee will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending the additional training programs on ~~your~~ Franchisee's behalf or at ~~your~~ Franchisee's request.

E. MEETINGS AND CONFERENCES.

~~We~~ 4.5 Meetings & Conferences. Franchisor reserves the right to require each of ~~your~~ Franchisee's Required Attendees (as defined below) to attend, both in-person and virtually, meetings and conferences, including regional and national meetings and conferences of persons involved in the ownership or operation of ~~Next~~ NextHealth Centers and other industry related conferences (each a "Conference") that ~~we~~ Franchisor designate from time to time. Each of ~~your~~ Franchisee's Owners, Required Trainees and such other persons as ~~we~~ Franchisor may designate from time to time depending on the nature of the Conference ("**Required Attendees**") must attend each such Conference, unless ~~we~~ Franchisor provide prior written consent otherwise. ~~You~~ Franchisee will be responsible for all travel and living expenses, wages, and benefits owed to, and other costs of, persons attending such Conferences on ~~your~~ Franchisee's behalf or at ~~your~~ Franchisee's request. ~~We~~ Franchisor reserves the right to require ~~you~~ Franchisee to pay ~~us~~ Franchisor a registration fee ranging from Nine hundred, ninety-nine and 00/100 Dollars (\$999.00) to One thousand, four hundred, ninety-nine and 00/100 Dollars (\$1,499.00) (the "Conference Registration Fee") for attendance at each Conference organized by ~~us or~~ ~~our~~ Franchisor or Franchisor's Affiliates, which ~~fee~~ will be due and payable regardless of whether any Required Attendee actually attends the particular Conference.

F. OPERATIONS MANUAL.

4.6 Operations Manual & Standard Operating Procedures. During the Term, ~~we~~ Franchisor will provide ~~you~~ Franchisee with access to ~~our manual~~ Franchisor's Operation Manual (the "**Operations Manual**") and Standard Operating Procedures (the "**SOPs**") applicable to the development and operation of ~~Next~~ NextHealth Centers (~~the "Operations Manual"~~). ~~We~~ Franchisor will determine the content of the Operations Manual and SOPs, the frequency in which it may be updated, and the manner and format in which it is delivered or made available to ~~you~~ Franchisee. The Operations Manual and SOPs may contain mandatory specifications, standards, operating procedures, and rules that ~~we~~ Franchisor periodically prescribe for developing, managing, and operating ~~Next~~ NextHealth Centers ("**System Standards**"); however, ~~our~~ Franchisor's System Standards do not directly or indirectly govern or regulate the purchase, placement or use of Operating Assets used in provision of Medical Services or any other aspect of provision of Medical Services. ~~You~~ Franchisee agree to comply with ~~our~~ Franchisor's System Standards. The Operations Manual and SOPs may, from time to time, also contain other specifications, standards and policies that ~~our~~ Franchisor's Affiliates implement in their ~~Next~~ NextHealth Centers and that ~~you~~ Franchisee may elect to implement at ~~your~~ Franchisee's discretion. Adoption of those items in the operation of ~~your~~ Franchisee's Center will be optional. ~~We~~ Franchisor may periodically modify the Operations Manual and SOPs, including in the form of memoranda and newsletters, to reflect changes in System Standards.

~~Our~~ Franchisor's master copy of the Next Health Operations Manual ~~is and~~ SOPs are the controlling ~~copy~~ copies. The Operations Manual, SOPs and any passwords and access credentials are part of ~~our~~ Franchisor's Confidential Information (defined below) and must be protected against improper use and disclosure. As such, ~~you~~ Franchisee may use it only in the operation of ~~your~~ Franchisee's Center in accordance with these Terms and protect it from improper use and disclosure as described in ~~Section 7 below. You are~~ Section 7 below. Franchisee is responsible for any loss, destruction, damage, or unauthorized access or use of ~~your~~ Franchisee's copy of the Operations Manual and SOPs.

G. ACKNOWLEDGEMENT 4.7 Statement Regarding Training, Assistance, & System Standards.

NOTWITHSTANDING ANYTHING TO THE CONTRARY, ~~YOU ACKNOWLEDGE AND AGREE IT IS UNDERSTOOD~~ THAT THE AGREEMENT, THE OPERATIONS MANUAL, SOPS, SYSTEM STANDARDS, AND/OR ANY TRAINING OR ASSISTANCE, OR ANY WRITTEN GUIDANCE OR MATERIALS PROVIDED TO YOU FRANCHISEE BY US FRANCHISOR OR ON OUR FRANCHISOR'S BEHALF (1) RELATE SOLELY TO THE PERFORMANCE OF ACTIVITIES THAT ARE NOT REGULATED BY LAWS GOVERNING PROVISION OF MEDICAL SERVICES, (2) DO NOT CONSTITUTE OR INTEND TO CONSTITUTE THE PRACTICE OF MEDICINE OR THE PERFORMANCE OF MEDICAL SERVICES IN A MANNER THAT IS NOT PERMISSIBLE UNDER THE APPLICABLE LAWS, (3) ~~DOES~~ NOT AMOUNT TO US FRANCHISOR OR OUR FRANCHISOR'S AFFILIATES EXERTING CONTROL OVER THE DELIVERY OR SUPERVISION OF MEDICAL SERVICES, AND (4) DO NOT REQUIRE YOU FRANCHISEE TO PRACTICE MEDICINE, HIRE LICENSED HEALTH CARE PROFESSIONALS OR PROVIDE TRAINING TO THEM, PROVIDE MEDICAL SERVICES, OR EXERT CONTROL OVER THE DELIVERY OR SUPERVISION OF MEDICAL SERVICES. NOTWITHSTANDING ANYTHING TO THE CONTRARY, IN THE EVENT OF CONFLICT BETWEEN THE SYSTEM STANDARDS AND THE MEDICAL STANDARDS, THE MEDICAL STANDARDS WILL SUPERSEDE THE SYSTEM STANDARDS. TO THE EXTENT, THE DOCTRINE OF CORPORATE PRACTICE OF MEDICINE OR ANY APPLICABLE LAW PROHIBITS US FRANCHISOR FROM EXERCISING ANY OF OUR FRANCHISOR'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT, THOSE RIGHTS AND OBLIGATIONS WILL BE DEEMED MODIFIED TO COMPLY WITH THE DOCTRINE OF CORPORATE PRACTICE OF MEDICINE AND ANY APPLICABLE LAW.

6-V. INTELLECTUAL PROPERTY:

A-5.1 Ownership AND & Goodwill.

Franchisee's ~~Your~~ right to use the Marks and the System is derived solely from the Agreement and limited to ~~your~~ Franchisee's operating ~~your~~ Franchisee's Center at the Premises according to these Terms and all System Standards. ~~Your~~ Franchisee's unauthorized use of the Marks or the System is a breach of the Agreement and infringes ~~our and our~~ Franchisor's and Franchisor's Affiliates' intellectual property rights. ~~Your~~ Franchisee's use of the Marks and the System and any goodwill created by that use are exclusively for ~~our and our~~ Franchisor's and Franchisor's Affiliates' benefit, and the Agreement does not confer any goodwill or other interests in the Marks upon ~~you~~ Franchisee (other than the right to use them strictly as described in these Terms). All provisions of the Agreement relating to the Marks, or the System apply to any additional proprietary, modified, or substitute trademarks and, service marks, operating procedures, or other components of the foregoing that ~~we~~ Franchisor authorize for Next Next Health Centers. ~~You~~ Franchisee agrees not to, at any time during or after the Term, contest or assist any other person in contesting the validity of ~~our and our~~ Franchisor's and Franchisor's Affiliates' rights to the Marks or the System.

B. LIMITATIONS ON YOUR USE OF MARKS.

~~You~~5.2 Limitations on Franchisee’s Use of Marks. Franchisee agrees to use the Marks ~~we~~Franchisor periodically designates to solely identify ~~your~~Franchisee’s Center and to identify ~~yourself~~Franchisee’s as the licensee of the Marks and the independent owner of ~~your~~Franchisee’s Center in the manner ~~we~~Franchisor prescribe. ~~You~~Franchisee may not use any Mark (i) as part of any business entity name, (ii) with any modifying words, terms, designs, or symbols (other than logos ~~we~~Franchisor have licensed to ~~you~~Franchisee), (iii) in selling any unauthorized services or products, (iv) as part of any website, domain name, email address, social media account, user name, other online presence or presence on any electronic, virtual, or digital medium of any kind (“**Online Presence**”), except as set forth in the Operations Manual and SOPs or otherwise in writing from time to time, or (v) in any other manner that ~~we~~Franchisor have not expressly authorized in writing. ~~You~~Franchisee agrees to give the notices of trademark and service mark ownership and registrations that ~~we~~Franchisor specify and to maintain, solely during the Term, any fictitious or assumed name registrations required under applicable laws. ~~You~~Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of ~~your~~Franchisee’s Center, an ownership interest in ~~you~~Franchisee, or any Operating Assets, without ~~our~~Franchisor’s prior written consent.

~~C-5.3~~ Notification of Infringements **AND** Claims.

Franchisee agrees ~~You agree~~ to notify ~~us~~Franchisor immediately of any apparent infringement or challenge to ~~your~~Franchisee’s use of any Mark, or of any person’s claim of any rights to or in any Mark or any component of the System (each an “**Infringement Matter**”), and not to communicate with any person other than ~~us or our~~Franchisor or Franchisor’s Affiliates, ~~our~~Franchisor’s attorneys, and ~~your~~Franchisee’s attorneys, regarding any such Infringement Matter. ~~We~~Franchisor and ~~our~~Franchisor’s Affiliates may take the action ~~we~~Franchisor or they deem appropriate (including no action) and control exclusively any litigation, administrative actions, or other legal proceedings arising from any Infringement Matter, and ~~you~~Franchisee agrees to sign any documents and take any other reasonable action that ~~we~~Franchisor believe to be necessary or advisable to protect and maintain ~~our and our~~Franchisor’s and Franchisor’s Affiliates’ interests in any such proceeding or otherwise to protect and maintain ~~our~~Franchisor’s and their interests in the Marks and the System. ~~We~~Franchisor will reimburse ~~you for your~~Franchisee for Franchisee’s reasonable costs of taking any action that ~~we or our~~Franchisor or Franchisor’s Affiliates ask ~~you~~Franchisee to take in this regard. ~~We~~Franchisor also agrees to reimburse ~~you~~Franchisee for all damages and expenses that ~~you~~Franchisee incur in any trademark infringement proceeding disputing ~~your~~Franchisee’s authorized use of any Mark and the System under the Agreement if ~~you~~Franchisee have timely notified ~~us~~Franchisor of, and comply with ~~our~~Franchisor’s directions in responding to, the proceeding.

~~D-5.4~~ Discontinuance or Modification.

If it becomes advisable, in ~~our~~Franchisor’s opinion, to modify or discontinue using any Mark, use one or more additional or substitute trademarks or service marks, or modify any components of the System, ~~you~~Franchisee agrees to comply with ~~our~~Franchisor’s directions within a reasonable time after receiving notice. ~~We~~Franchisor need not reimburse ~~you~~Franchisee for ~~your~~Franchisee’s expenses of complying with ~~our~~Franchisor’s directions in that regard, for any loss of revenue due to any modified or discontinued Mark or component of the System, or for ~~your~~Franchisee’s expenses of promoting a modified or substitute trademark or service mark. ~~We~~Franchisor may exercise these rights at any time and for any reason, business or otherwise, that ~~we~~Franchisor think best, and ~~you~~Franchisee waive any claims, demands or damages arising therefrom.

E. NON-DISPARAGEMENT.

5.5 Non-Disparagement. During and after the Term, ~~you~~Franchisee agrees not to, and to cause ~~your~~Franchisee’s respective current and former immediate family members, (including spouses and children), owners, officers, directors, agents, employees, representatives, spouses, Affiliates, successors, agents, and assigns not to: (i) disparage or otherwise speak or write negatively, directly or indirectly, of ~~us, our~~Franchisor and its predecessors, parents, successors-in-interest and assigns, Franchisor’s Affiliates, and any of ~~our or~~

~~our~~Franchisor's or Franchisor's Affiliates' respective past or present directors, officers, employees, agents, or representatives, the "NEXT ~~Next~~HEALTH" brand, any Next ~~Next~~Health Center, any business using the Marks, or any other brand concept operated or franchised by ~~us or our~~Franchisor or Franchisor's Affiliates; (ii) take any other action which would, directly or indirectly, subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact or injure the goodwill of the System or the Marks; or (iii) take any other action which would constitute an act of moral turpitude and/or is or could reasonably become the subject of public scandal, disrepute, or infamy.

~~7.~~VI. CONFIDENTIAL INFORMATION.

~~A-6.1~~ Types of Confidential Information.

In connection with ~~your~~Franchisee's Franchised Business under the Agreement, ~~you, your~~Franchisee, Franchisee's Owners, and personnel may from time to time periodically be provided and/or have access to non-public information about the Franchise System and the operation of Next ~~Next~~Health Centers (some of which constitutes ~~our~~Franchisor's trade secrets under applicable law), regardless of whether such information is marked confidential (the "**Confidential Information**"), including:

1.1.1 ~~(1)~~ site selection evaluation criteria;

1.1.2 ~~(2)~~ training and operations materials, including Operations Manual;

1.1.3 ~~(3)~~ the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, market research, client data, knowledge, and experience used in developing, promoting and operating Next ~~Next~~Health Centers and the products they offer and sell;

1.1.4 ~~(4)~~ market research, promotional, marketing and advertising programs for Next ~~Next~~Health Centers;

1.1.5 ~~(5)~~ knowledge of specifications for, and vendors of, Operating Assets and other products and supplies;

1.1.6 ~~(6)~~ any software or other technology which is proprietary to ~~us, our~~Franchisor, Franchisor's Affiliates, or the System, including digital passwords and identifications and any source code of, and data, reports, and other materials generated by, the software or other technology;

1.1.7 ~~(7)~~ knowledge of the operating results and financial performance of Next ~~Next~~Health Centers, including ~~your~~Franchisee's Center;

1.1.8 ~~(8)~~ Personal Information (as defined in ~~Section 9.K~~) of ~~your~~ Section 8.11 of Franchisee's Center's customers; and

1.1.9 ~~(9)~~ any other information designated as confidential or proprietary by ~~us-~~

Franchisor. Confidential Information does not include (i) any information, materials, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to ~~us or our~~Franchisor or Franchisor's Affiliates; and (ii) Restricted Information (as defined in Section ~~9.K-8.11~~

below).

NOTWITHSTANDING ANYTHING TO THE CONTRARY, TO EXTENT ANY CONFIDENTIAL INFORMATION REGARDING ~~YOUR~~FRANCHISEE'S CENTER OR ~~YOUR~~FRANCHISEE'S CENTER'S CUSTOMERS CANNOT BE TRANSMITTED OR SHARED WITH ~~US~~FRANCHISOR UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 AND ITS ENABLING REGULATIONS AS IT OR THEY MAY BE AMENDED FROM TIME TO TIME ("HIPAA") OR OTHER APPLICABLE LAWS, THEN THE AGREEMENT SHALL BE INTERPRETED SO AS TO COMPLY WITH SUCH LIMITATIONS.

~~B. DISCLOSURE AND LIMITATIONS OF USE.~~

~~You~~6.2 Disclosure & Limitations of Use. Franchisee agrees that ~~you~~Franchisee's relationship with ~~us~~Franchisor does not vest in ~~you~~Franchisee any interest in the Confidential Information other than the right to use it in the development, management, and operation of ~~you~~Franchisee's Center in accordance with these Terms, and that the use, duplication or improper distribution or publication of the Confidential Information in any case would constitute an unfair method of competition. ~~You~~Franchisee acknowledges and agrees that the Confidential Information is proprietary to ~~us~~Franchisor and ~~our~~Franchisor's Affiliates, includes trade secrets belonging to ~~us~~Franchisor and ~~our~~Franchisor's Affiliates, and is disclosed to ~~you~~Franchisee or authorized for ~~you~~Franchisee's use solely on the condition that ~~you~~Franchisee agree, and ~~you~~Franchisee therefore do agree, that ~~you~~Franchisee will: (i) not use the Confidential Information in any other capacity; (ii) maintain the absolute confidentiality of the Confidential Information during and after the Term; (iii) not make unauthorized copies of, or improperly disclose or publish any portion of, the Confidential Information however and in whatever form or format disclosed to ~~you~~Franchisee; and (iv) adopt and implement all reasonable procedures ~~we~~Franchisor periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to ~~you~~Franchisee's employees and the use of nondisclosure and noncompetition agreements ~~we~~Franchisor may prescribe for employees or others who have access to the Confidential Information.

~~C.6.3~~ Exceptions to Limitations.

The restrictions on ~~you~~Franchisee's disclosure and use of the Confidential Information will not apply to the: (i) disclosure or use of information, processes, or techniques which are generally known and used in ~~you~~Franchisee's Center industry (as long as the availability is not because of a disclosure by ~~you~~Franchisee), provided that ~~you~~Franchisee has first (1st) given ~~us~~Franchisor written notice of ~~you~~Franchisee's intended disclosure and/or use; (ii) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent ~~you~~Franchisee is legally compelled to disclose it, provided that ~~you~~Franchisee has first (1st) given ~~us~~Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to ~~us~~Franchisor that the information required to be disclosed will be treated confidentially; and (iii) disclosure of ~~you~~Franchisee's Center's operating results and financial performance to ~~you~~Franchisee's existing and prospective lenders, and, provided they are bound by confidentiality obligations, to potential investors in ~~you~~Franchisee or purchasers of ~~you~~Franchisee's Center.

~~D. INNOVATIONS.~~

~~You~~6.4 Innovations. Franchisee must promptly disclose to ~~us~~Franchisor all ideas, concepts, methods, techniques, and products conceived or developed by ~~you, you~~Franchisee, Franchisee's Affiliates, and/or any of ~~you or you~~Franchisee's or Franchisee's Affiliates', owners, agents, representatives, contractors or employees during the Term relating to the development or operation of ~~you~~Franchisee's Center or other ~~Next~~ NextHealth Centers ("**Innovations**"), whether or not protectable intellectual property and whether created by or for ~~you or you~~Franchisee or Franchisee's Owners, General Manager, Nurse Practitioner, Aesthetic RN, or other employees. All Innovations are ~~our~~Franchisor's sole and exclusive property and works made-for-hire for ~~us~~Franchisor and shall constitute ~~our~~Franchisor's Confidential Information. To the extent any Innovation does not qualify as a work made-for-hire for ~~us~~Franchisor, by this ~~Section you~~Section 6, Franchisee assigns

ownership of that Innovation, and all related rights to that Innovation, to ~~us~~Franchisor and agrees to sign (and to cause ~~you~~Franchisee's Owners, employees, and contractors to sign) whatever assignment or other documents ~~we~~Franchisor requests to evidence ~~our~~Franchisor's ownership or to help ~~us~~Franchisor obtain intellectual property rights in the Innovation. ~~We~~Franchisor and ~~our~~Franchisor's Affiliates have no obligation to make any payments to ~~you~~Franchisee or any other person with respect to any Innovations. ~~You~~Franchisee may not use any Innovation in operating ~~you~~Franchisee's Center or otherwise without ~~our~~Franchisor's prior approval.

~~8-~~VII. COMPETITION ~~AND~~ INTERFERENCE DURING TERM:

A. COVENANTS.

~~We have~~7.1 Covenants. Franchisor has granted ~~you~~Franchisee the Franchise in consideration of and reliance upon ~~you~~Franchisee's agreement to deal exclusively with ~~us~~Franchisor and the agreement of certain of ~~you~~Franchisee's related parties not to engage in activities that are competitive with ~~us~~Franchisor and Next Health Centers. ~~You~~ Franchisee therefore agrees that, during the Term, neither ~~you~~Franchisee and ~~you~~Franchisee's Owners nor any of ~~you and you~~Franchisee's and Franchisee's Owners' immediate family members will:

7.1.1 ~~(1)~~ have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

7.1.2 ~~(2)~~ perform services for or provide benefits to, in any capacity, a Competitive Business, wherever located or operating;

7.1.3 ~~(3)~~ divert or attempt to divert any actual or potential business or client of ~~you~~Franchisee's Center to a Competitive Business;

7.1.4 ~~(4)~~ interfere or attempt to interfere with ~~our or our~~Franchisor's or Franchisor's Affiliates' relationships with any vendors, franchisees, or consultants; or

7.1.5 ~~(5)~~ directly or indirectly, appropriate, use or duplicate the System or System Standards, or any portion thereof, for use in any other business or endeavor.

Subject to the applicable laws, ~~you~~Franchisee agree to obtain similar covenants and the covenants described in ~~Section 16.A(7)-~~Section 15 from ~~you~~Franchisee's Owners, General Manager, Nurse Practitioner, Aesthetic RN, and other personnel ~~we~~Franchisor specify from time to time. ~~We have~~Franchisor has the right to regulate the form of agreement that ~~you~~Franchisee uses and to be a ~~third-party~~third (3rd) party beneficiary of that agreement with independent enforcement rights.

~~B-~~7.2 Competitive Business Defined.

The term "Competitive Business" means any business other than a Next NextHealth Center which (1) generates or is expected to generate at least twenty percent (20%) of its revenue from performing or arranging the provision of any, or any combination of, the following services: cryotherapy, IV therapy, hormone replacement therapy, hyperbaric oxygen therapy, diagnostic testing and/or other services that are offered at Next

NextHealth Centers from time to time, or (2) franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses.

9. VIII. BUSINESS OPERATIONS AND SYSTEM STANDARDS.

~~A-8.1~~ Certain Required Personnel. It is ~~your~~ Franchisee's responsibility to hire such number of personnel that are necessary and sufficient to operate ~~your~~ Franchisee's Center in compliance with the System Standards, the Medical Standards, and applicable laws. ~~You~~ Franchisee must ensure that all personnel ~~who are employed by, contracted by, or work at your Center in any manner are~~ regardless of whether they are full-time, part-time, or contract workers, to be properly licensed, certified, and registered with appropriate ~~authorities, agencies, and they must be~~ trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with ~~your~~ Franchisee's Center. ~~You~~ Franchisee must also ensure that if applicable law permits certain activities to be performed under the direct supervision and control of a lawfully licensed certified professional, such activities are so properly supervised and controlled.

~~You are~~ Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors that ~~you~~ Franchisee hires to assist with the operation of ~~your~~ Franchisee's Center. Any employee, agent or independent contractor that ~~you~~ Franchisee hires will not be ~~our or our~~ Franchisor's or Franchisor's Affiliates' employee, agent or independent contractor. ~~You are~~ All staff employed shall remain at all times subject to the sole and exclusive control, supervision, and direction of Franchisee, and it shall have sole and exclusive control over the selection, hiring, discipline, and firing of such workers. Nothing in this Agreement shall be interpreted or construed to create a joint-employer, joint venture, partnership, fiduciary, or agency relationship. Franchisee is exclusively responsible for the terms and conditions of employment of ~~your~~ Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. ~~You~~ Franchisee agrees to manage the employment functions of ~~your~~ Franchisee's Center in compliance with federal, state, and local employment laws.

At a minimum, ~~you~~ Franchisee must, at all times, satisfy the following requirements:

~~(1)~~ 8.1.1 *Managing Owner.* If ~~you are~~ Franchisee is not a natural person, then ~~you~~ Franchisee must designate, subject to ~~our~~ Franchisor's approval, one ~~of your~~ (1) of Franchisee's Owners who is a natural person to be ~~your~~ Franchisee's "**Managing Owner.**" ~~You~~ Franchisee agrees that ~~your~~ Franchisee's Managing Owner will be authorized, on ~~your~~ Franchisee's behalf, to deal with ~~us~~ Franchisor in all matters that arise in respect of the Agreement. ~~We~~ and that such person shall be vested with decision-making authority. Franchisor will be entitled to rely on the decision of the Managing Owner without being obligated to seek approvals of ~~your~~ other Franchisee's remaining Owners.

~~(2)~~ 8.1.2 *Medical Director.* ~~You are~~ Franchisee is required, at all times, and subject to ~~our~~ Franchisor's approval, to be or have a relationship with a licensed healthcare professional (the "**Medical Director**"), who is licensed to practice medicine in the jurisdiction in which ~~your~~ Franchisee's Center is located and can, using ~~their~~ his/her independent medical judgment, perform or, where permitted, supervise the performance of certain Medical Services. Before ~~you~~ Franchisee commences the operation of ~~your~~ Franchisee's Center, ~~you~~ Franchisee must (i) enter into ~~our~~ Franchisor's then-current form of management agreement (the "**Management Agreement**"), the current form of which is attached to the ~~Agreement as Attachment D~~ FDD as part of Exhibit G, with one of ~~our~~ Franchisor's Affiliates that will serve as the Medical Service ~~m~~ Manager of ~~your~~ Franchisee's Center (the "**Medical Service Manager**"), and (ii) designate one ~~of your~~ (1) of Franchisee's Medical Service Manager's licensed healthcare professionals as ~~your~~ Franchisee's Medical Director. Under the Management Agreement, ~~you~~ Franchisee will provide non-clinical administrative support services to

~~you~~Franchisee's Medical Service Manager and ~~you~~Franchisee's Medical Director and collect fees from ~~you~~Franchisee's Medical Service Manager for providing such services to ~~you~~Franchisee's Medical Service Manager and Medical Director. ~~We~~ Franchisor makes no representation or warranty that ~~our~~Franchisor's standard form of Management Services Agreement complies with applicable laws, including those governing corporate practice of medicine. ~~You are~~ Franchisee is responsible for independently engaging ~~you~~Franchisee's own legal counsel to review, negotiate, and advise ~~you~~Franchisee of the merits and risks of ~~you~~Franchisee's Management Services Agreement. The final version of the Management Services Agreement ~~you~~Franchisee intends to sign and any subsequent modifications to the agreement are subject, in all cases, to ~~our~~Franchisor's prior written approval. ~~You~~ Franchisee must provide ~~us~~Franchisor with an executed version of ~~you~~Franchisee's Management Services Agreement within ten (10) days of its execution.

Throughout the term of this Agreement, Franchisee must pay Franchisor a monthly Medical Director fee (the "Medical Director Fee") in the amount identified in Appendix I to this Agreement. The Medical Director Fee will be due and payable on such date and in such manner that Franchisor requires from time to time.

~~(3)~~8.1.3 *Nurse Practitioner.* ~~You~~ Franchisee must, at all times, retain and designate, subject to ~~our~~Franchisor's approval, a licensed and registered nurse practitioner ("**Nurse Practitioner**") to administer and supervise the administration of certain Medical Services that a nurse practitioner is permitted under applicable law to administer and supervise.

~~(4)~~8.1.4 *Aesthetic Registered Nurse.* ~~You~~ Franchisee must, at all times, retain and designate, subject to ~~our~~Franchisor's approval, a licensed and registered nurse ("**Aesthetic RN**") to administer and supervise the administration of certain Medical Services that a registered nurse is permitted under applicable law to administer and supervise.

~~(5)~~8.1.5 *General Manager.* ~~You~~Franchisee must, at all times, retain and designate, subject to ~~our~~Franchisor's approval, a natural person who is not one of ~~you~~Franchisee's Owners to manage and oversee the day-to-day non-clinical operations of ~~you~~Franchisee's Center (the "**General Manager**").

~~You~~Franchisee agrees not to change or replace ~~you~~Franchisee's Managing Owner, Medical Service Manager, Medical Director, Nurse Practitioner, Aesthetic RN, or General Manager without ~~our~~Franchisor's prior written consent and must promptly notify ~~us~~Franchisor in writing if any of them cannot continue or no longer qualify to serve as such and must take corrective action within thirty (30) days thereafter. During that period, ~~you~~Franchisee must provide for interim management of ~~you~~Franchisee's Center in accordance with these Terms and ~~our~~Franchisor's System Standards. If ~~you~~Franchisee's General Manager, Nurse Practitioner, or Aesthetic RN ~~have~~has not signed a Guaranty, ~~they~~he/she must sign ~~our~~Franchisor's then-current form of confidentiality agreement and, unless prohibited under applicable laws, ~~our~~Franchisor's standard form of non-competition agreement; however, ~~you are~~Franchisee is responsible for ensuring that the forms of agreement ~~you~~Franchisee used comply with all applicable laws.

~~B-~~8.2 Condition AND Appearance of YOUR Franchisee's Center.

Franchisee agrees ~~You agree~~ to place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that ~~we~~Franchisor periodically approve. ~~You~~Franchisee further agrees to maintain the condition and appearance of ~~you~~Franchisee's Center, its non-clinical Operating Assets, and the Premises in accordance with the System Standards and, consistent with the image of Next NextHealth Centers, as an efficiently operated business offering high quality products and services and observing the highest cleanliness and efficient, courteous service. ~~You~~ Franchisee agrees to store, display, and maintain all medical equipment and supplies and other goods and services used in connection with providing Medical Services in accordance with the Medical Standards. ~~You~~ Franchisee agree, without limitation

and at yourFranchisee's expense, to: (i) clean, repaint, redecorate, repair, and maintain the interior and exterior of the Premises at intervals that weFranchisor prescribe; (ii) maintain, repair or, at ourFranchisor's discretion, replace damaged, worn-out, or obsolete non-clinical Operating Assets at intervals that weFranchisor may prescribe (or, if we do Franchisor does not prescribe an interval for replacing any non-clinical Operating Asset, as that Operating Asset needs to be repaired or replaced); (iii) maintain, repair or, at yourFranchisee's Medical Director's discretion, replace damaged, worn-out, or obsolete clinical equipment and supplies at intervals that yourFranchisee's Medical Director may prescribe (or, if yourFranchisee's Medical Director does not prescribe an interval for replacing any clinical equipment and supplies, as such clinical equipment and supplies need to be repaired or replaced); and (iv) renovate, refurbish, remodel, or replace the real and personal property and equipment used at yourFranchisee's Center when reasonably required by usFranchisor and yourFranchisee's Medical Director to comply with the System Standards and the Medical Standards, as applicable.

C-8.3 Use of Designated Computer System.

In connection with the management of yourFranchisee's Center, youFranchisee agrees to obtain and use only that integrated computer hardware and software that weFranchisor periodically specify from time to time in the Operations Manual and that complies with applicable laws in respect of any Personal Information (the "**Computer System**"). YouFranchisee also agrees to maintain a functioning e-mail address and all specified points of high-speed internet connection. WeFranchisor may modify specifications for, and components of, the Computer System, which might require youFranchisee to acquire new or modified computer hardware or software and obtain service and support for the Computer System. Although weFranchisor cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the Agreement's remaining Term, youFranchisee agrees to incur the costs of complying with ourFranchisor's requirements for the Computer System. We have Franchisor has no obligation to reimburse youFranchisee for any Computer System costs. YouFranchisee must at all times during the Term ensure that yourFranchisee's Computer System, as modified, meets ourFranchisor's System Standards and functions properly. Subject to compliance with all applicable laws, weFranchisor will, at all times, have access to yourFranchisee's Computer System and that weFranchisor will have the right to collect and retain from the Computer System any and all data concerning yourFranchisee's Center.

YouFranchisee may be required to license, and sign a software license agreement regarding, certain proprietary software as part of ourFranchisor's requirements for the Computer System. WeFranchisor and ourFranchisor's Affiliates may charge youFranchisee an initial or recurring fee for any software or technology that we or our Franchisor or Franchisor's Affiliates license to youFranchisee and for other maintenance, support, and technology development services that we or our Franchisor or Franchisor's Affiliates provide. The Technology Fee in effect on the Effective ("**Technology Fee**" is payable one (1) month prior to the Opening Date of the Center, which is subject to change based on the technology services weFranchisor provide, is and is further identified as the "Technology Fee" on the attached Data Sheet in Appendix I. In addition to the Technology Fee, weFranchisor may also require that youFranchisee pay usFranchisor for software and other technology that youFranchisee receives from our-designated third party third (3rd) party providers. You Franchisee will have sole and complete responsibility for the manner in which yourFranchisee's Computer System interfaces at our specified levels of connection speed with our, with Franchisor's and any third (3rd) party's computer system and. Additionally, Franchisee is responsible for any and all consequences if the Computer System is not properly operated, maintained, and access maintenance and all needed periodic upgrades.

D-8.4 Products AND Services YOUR Franchisee's Center Offers.

All Medical Services will be offered, provided, and/or supervised by yourFranchisee's Medical Service Manager through the Medical Director in accordance with the Medical Director's independent medical

judgement, ~~and you~~. Franchisee's Medical Director will make all ~~determination in~~ decisions with respects ~~thereof. You to any and all medical practices performed at the Location.~~ Franchisee agrees to comply with applicable Medical Standards as ~~they~~ it may apply ies to the non-clinical administrative support services ~~you~~ provided to you Franchisee's Medical Director.

Some of the Medical Services, such as stem cell therapies, ozone therapies, treatments, exosome therapies, and peptide therapies may be considered "sSpeculative ~~m~~Medical ~~t~~Treatments" as that term may, from time to time, be defined by various governments or advertising outlets or as they may be commonly known ("Speculative Medical Services"). ~~We~~ Franchisor and ~~our~~ Franchisor's Affiliates do not make any determination as to which services amount to Medical Services or Speculative Medical Services, ~~and~~. Through the use of Franchisee's advisors—it is solely you Franchisee's responsibility to fully research, periodically investigate and thereafter, make such determinations. ~~We~~ Franchisor will not require that Franchisee offer Speculative Medical Services ~~be provided at your~~ at Franchisee's Center. If ~~you, at your~~ Franchisee, at Franchisee's discretion, chooses to require your its Medical Service Manager through you the Medical Director to offer Speculative Medical Services at you Franchisee's Center, then (i) you Franchisee will be responsible for investigating applicable laws, rules, and regulations in you Franchisee's jurisdiction and you Franchisee's ability to advertise those services in the manner you Franchisee and ~~we~~ Franchisor believe to be appropriate; (ii) ~~we~~ Franchisor may introduce you Franchisee to vendors to provide goods or services related to one or more Speculative Medical Services in connection with you Franchisee's Center (each of whom you Franchisee may elect to use in you Franchisee's discretion); and (iii) all advertising for Speculative Medical Services will be subject to the provisions of ~~the~~ this Agreement, applicable laws, rules, and regulations, and policies of the advertising medium or host, ~~and~~. Franchisee will avoid making representations regarding the results that will be achieved from any such services, subject to Franchisor's written approval.

If ~~we~~ Franchisor permits you Franchisee's Medical Director to offer and provide off-site nursing care services within the Nursing Care Area described in ~~the attached Data Sheet~~ Appendix I, then you Franchisee will provide such non-clinical administrative service to you Franchisee's Medical Director as may be required by you Franchisee's Medical Director to provide such care. ~~We~~ Franchisor may at any time, and without compensation to you Franchisee, revoke ~~our~~ Franchisor's authorization to provide off-site nursing care services or modify or reduce the Nursing Care Area.

You Franchisee agrees that: (i) you Franchisee will offer and sell from you Franchisee's Center all non-medical products and services in the manner that ~~we~~ Franchisor periodically specify; (ii) you Franchisee will not offer or sell at or from you Franchisee's Center, the Premises or any other location any products or services ~~we~~ Franchisor have not authorized, including any Medical Services; (iii) you Franchisee's Medical Director will offer, provide, and supervise all Medical Services at you Franchisee's Center and make all determinations in respect thereof in accordance with its independent medical judgment; (iv) all services offered and provided by you Franchisee's Nurse Practitioner and Aesthetic RN will, all times, be provided under the supervision of you Franchisee's Medical Director; (v) you Franchisee will not either directly or indirectly supervise, control, or interfere with the provision of Medical Services; and (vi) you Franchisee will discontinue selling and offering for sale any products or services that ~~we~~ Franchisor at any time disapprove. You Franchisee must immediately bring you Franchisee's Center into compliance with (i) the Medical Standards as they relate to provision of Medical Services at you Franchisee's Center, and (ii) ~~our~~ Franchisor's System Standards as they relate to operation of you Franchisee's Center and the non-clinical products and services sold at you Franchisee's Center.

E-8.5 Approved Vendors.

Subject to applicable laws, you Franchisee agrees to use the manufacturers, vendors, distributors, suppliers, and producers (collectively referred to herein as "Vendor" or "Vendors") that ~~we~~ Franchisor specify or approve for all aspects of development and operation of you Franchisee's Center for which such Vendors

provide goods or services, which may include or be limited to ~~us or our~~ Franchisor or Franchisor's Affiliates.

~~We~~ Franchisor also reserves the right to periodically approve or designate the terms and distribution methods for any goods or services. ~~We~~ Franchisor may, at ~~our~~ Franchisor's option, arrange with designated ~~v~~ Vendors to collect or have ~~our~~ Franchisor's Affiliates collect fees and expenses associated with products and services they provide to ~~you~~ Franchisee and, in turn, pay the ~~v~~ Vendor on ~~your~~ Franchisee's behalf for such products or services. If ~~we~~ Franchisor elects to do so, ~~you~~ Franchisee agrees that ~~we or our~~ Franchisor or Franchisor's Affiliates may auto-debit ~~your~~ Franchisee's bank account for such amounts in the same manner and using the same authorization that ~~you~~ Franchisee grants ~~us~~ Franchisor with respect to payment of Royalty and other fees.—~~We, as designated in Appendix III of this Agreement. Franchisor or any of our~~ Franchisor's Affiliates may be a ~~v~~ Vendor, or otherwise party to these transactions, and may derive revenue or profit from such transactions. ~~We~~ Franchisor and any of ~~our~~ Franchisor's Affiliates may use such revenue or profit without restriction.

If ~~you~~ Franchisee would like ~~us~~ Franchisor to consider approving a ~~v~~ Vendor that is not then approved by ~~us, you~~ Franchisor, Franchisee must submit a written request before purchasing any items or services from that vendor. ~~We are~~ Franchisor is not required to respond to ~~your~~ Franchisee's request for approving alternate ~~v~~ Vendors; however, ~~we~~ Franchisor will endeavor to respond to ~~your~~ Franchisee's requests within ninety (90) ~~our~~ Franchisor's receipt of all information and materials required by ~~us~~ Franchisor in connection with ~~your~~ Franchisee's request. Any actions ~~we~~ Franchisor takes in response to ~~your~~ Franchisee's request will be at ~~our~~ Franchisor's sole and unfettered discretion, and ~~we~~ Franchisor may require ~~you~~ Franchisee to reimburse the cost incurred by ~~us~~ Franchisor in evaluating ~~your~~ Franchisee's proposed Vendor or product. ~~We~~ Franchisor may, with or without cause, revoke ~~our~~ Franchisor's approval of any ~~v~~ Vendor at any time.

Notwithstanding anything to the contrary and to the extent required by applicable laws, ~~your~~ Franchisee's purchase of goods and services related to provision of Medical Services will be subject to ~~your~~ Franchisee's compliance with the Medical Standards and ~~your~~ Franchisee's Medical Service Manager and Medical Director's approval.

F-8.6 Compliance with Laws AND& Good Business Practices.

Franchisee ~~You~~ must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the business ~~you~~ Franchisee operates under the Agreement and the operation of ~~your~~ Franchisee's Center. ~~You~~ Franchisee must ensure that the business ~~you~~ Franchisee operate under ~~the~~ this Agreement and ~~your~~ Franchisee's Center operates in full compliance with all applicable laws, ordinances, and regulations, including the HIPAA (if applicable), and PCI compliance standards. ~~You~~ Franchisee agrees to comply with, and assist ~~us~~ Franchisor and ~~our~~ Franchisor's Affiliates in ~~our and our~~ Franchisor's and Franchisor's Affiliates' compliance efforts with, any and all laws, regulations, executive orders (whether at the federal, state or local level), including those related to HIPAA (if applicable), anti-terrorist activities, the U.S. Patriot Act, Executive Orders or otherwise relating to anti-terrorist activities or conduct of transactions involving certain foreign parties, including the U.S. Patriot Act, Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the International Economic Emergency Powers Act, and related U.S. Treasury or other regulations. In connection with such compliance efforts, ~~you~~ Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to ~~your~~ Franchisee's Center as may be required by ~~us~~ Franchisor or by law. ~~You~~ Franchisee confirms that ~~you~~ Franchisee and ~~your~~ Franchisee's Owners, employees, agents, and representatives are not presently listed (nor has any such individual previously been listed) on the U.S. Treasury Department's List of Specially Designated Nationals, the Annex to Executive Order 13224 (the Annex is currently available at <http://www.treasury.gov>), or in any other governmental list which prohibits ~~us or you~~ Franchisor or Franchisee

from dealing with such individuals, and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>).

If ~~you are~~ Franchisee is or becomes subject to HIPAA, you Franchisee will comply therewith and with the requirements of the Business Associate Agreement attached ~~as Attachment C in Exhibit G~~ hereto, as it may be amended by ~~us~~ Franchisor from time to time.

~~You are~~ Franchisee is solely responsible for ascertaining what actions must be taken by you Franchisee to comply with all such laws, orders or regulations, and specifically acknowledge and agree that ~~you Franchisee's~~ you Franchisee's indemnification responsibilities as provided in ~~Section 17.C~~ Section 17.3 pertain to ~~you Franchisee's~~ you Franchisee's obligations hereunder.

~~We do~~ Franchisor does not make, and ~~have~~ has not made, any representations of any kind whatsoever regarding whether the Agreement complies with any laws governing Medical Services, or the various legal doctrines commonly referred to as the "corporate practice of medicine ('CPOM')"; any federal or state law, rule or regulation governing Medicare or Medicaid, including state and federal laws regulating the relationships between providers and suppliers of health care products and services on one hand and physicians and other providers and suppliers of health care products and services on the other hand; the Fraud and Abuse provisions of the Medicare and Medicaid Statutes; state and federal laws governing self-referral by physicians; fee splitting, patient brokerage prohibitions; anti-kickback prohibitions; or any other law, rule or regulation related to the field of medicine or public health. ~~You Franchisee~~ you Franchisee must review and remain in compliance with the various state and federal laws and regulations governing Medical Services and the structure of entities involved with those fields. ~~You Franchisee~~ you Franchisee further acknowledges that ~~you Franchisee~~ you Franchisee may be prohibited by applicable law from billing or accepting any form of insurance, including Medicare, Medicaid or private insurance, for any or all of the services you Franchisee provide to you Franchisee's clients. ~~You Franchisee~~ you Franchisee understands and agrees that this limitation may restrict the clients to whom ~~you are~~ Franchisee is able to market or provide services. Accordingly, you Franchisee understands and agrees that it is solely you Franchisee's responsibility to identify and consult with competent healthcare counsel for the state(s) in which you Franchisee plans to open you Franchisee's Center. By executing the Agreement, you Franchisee represents that ~~you have~~ Franchisee has either (i) consulted with such counsel, or (ii) declined the opportunity to do so.

you Franchisee agrees to comply with ~~our~~ Franchisor's website privacy policy, as it may be amended periodically, pertaining to any Online Presence or use or access to any System Website (as defined in ~~Section 10.D~~ Section 11.4 below); you Franchisee further agrees to comply with any requests to return or delete consumer personal information, whether requested by ~~us~~ Franchisor or directly by the consumer, as required by applicable data sharing and privacy laws.

you Franchisee and you Franchisee's Center must in all dealings with its clients, vendors, ~~us~~ Franchisor and the public adhere to the highest honesty, integrity, fair dealing and ethical conduct. you Franchisee agrees to refrain from any business or advertising practice that might injure ~~our~~ Franchisor's business, any Next NextHealth Center, or the goodwill associated with the Marks. you Franchisee must notify ~~us~~ Franchisor in writing within three (3) business days of: (i) the commencement of any action, suit or proceeding relating to you Franchisee's Center; (ii) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to you Franchisee's Center; (iii) any notice of violation of any law, ordinance or regulation relating to you Franchisee's Center; (iv) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third (3rd) party involving a complaint from a client or potential client relating to you Franchisee's Center; (v) written complaints from any client or potential client, and (vi) any and all other notices you Franchisee receive claiming that ~~you (or you Franchisee (or Franchisee's~~ you Franchisee (or Franchisee's Affiliates or representatives) have violated or breached any intellectual property rights, or the terms and conditions of any

agreements related to the operation of youFranchisee's Center. YouFranchisee must immediately provide to usFranchisor copies of any documentation youFranchisee receives about any of the foregoing events and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

G. INSURANCE.

8.7 Insurance. During the Term youFranchisee must, at youFranchisee's expense, maintain in force comprehensive business owners' coverage (including contents insurance, loss of business income, employee dishonesty, money coverage, and comprehensive general liability) hired/non owned auto liability, umbrella coverage, building coverage, auto liability coverage, malpractice coverage, and errors and omission coverage, all containing the minimum liability coverage weFranchisor prescribe from time to time. YouFranchisee also must maintain workers' compensation insurance for youFranchisee's employees in accordance with laws applicable in the state in which youFranchisee's Center is operated. WeFranchisor may periodically change the amounts of coverage required under these insurance policies or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or liability, higher damage awards or other relevant changes in circumstances. All insurance policies for liability coverage must name usFranchisor and any Affiliates weFranchisor designate as additional named insureds, as "Grantor of the Franchise", using a form of endorsement that weFranchisor have approved, and provide for thirty (30) days' prior written notice to usFranchisor of a policy's material modification, cancellation or expiration. YouFranchisee routinely must furnish usFranchisor copies of a Certificate of Insurance ("COI") or other evidence of youFranchisee's maintaining this insurance coverage and paying premiums. If youFranchisee fail or refuse to obtain and maintain the insurance weFranchisor specify, in addition to ourFranchisor's other remedies, weFranchisor may (but need not) obtain such insurance for youFranchisee and youFranchisee's Center on youFranchisee's behalf, in which event youFranchisee shall cooperate with usFranchisor and reimburse usFranchisor for all premiums, costs and expenses weFranchisor incur in obtaining and maintaining the insurance. YouFranchisee's obligation to maintain insurance coverage will not be limited in any respect by reason of insurance maintained by usFranchisor or any other party. Additionally, no insurance coverage that youFranchisee or any other party maintains will be deemed a substitute for youFranchisee's indemnification obligations to usFranchisor or Affiliates under ~~Section 17.C~~ Section 16.3 or otherwise.

OurFranchisor's insurance requirements represent only the minimum coverage that weFranchisor deem acceptable to protect ourFranchisor's interests and are not representations or warranties of any kind that such coverage is sufficient to protect ~~your or youFranchisee's or Franchisee's~~ youFranchisee's Center's interests. It is youFranchisee's sole responsibility to make that determination and to acquire any additional coverages youFranchisee believe are necessary to protect ~~your and youFranchisee's and Franchisee's~~ youFranchisee's Center's interests, based on youFranchisee's own independent investigation. ~~We are Franchisor is~~ weFranchisor is not responsible if youFranchisee sustain losses that exceed youFranchisee's insurance coverage under any circumstances.

H. PRICING.

8.8 Pricing. Unless prohibited by applicable laws, weFranchisor may periodically set a maximum or minimum price that youFranchisee may charge for non-medical products and services offered by youFranchisee's Center. If weFranchisor imposes such a maximum or minimum price, youFranchisee may charge any price for the product or service up to and including ourFranchisor's designated maximum price or down to and including ourFranchisor's designated minimum price. The designated maximum and minimum prices for the same product or service may, at ourFranchisor's option, be the same. For any product or service for which weFranchisor do not impose a maximum or minimum price, weFranchisor may require youFranchisee to comply with an advertising policy adopted by usFranchisor which will prohibit youFranchisee from advertising any price for a product or service that is different than ourFranchisor's suggested retail price. Although youFranchisee must comply with any advertising policy weFranchisor adopt, youFranchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless weFranchisor impose a maximum price or minimum price for such product or service.

I-8.9 Contact Information AND Listings.

Franchisee agrees ~~You agree~~ that each telephone or facsimile number, directory listing, and any other type of contact information used by or that identifies or is associated with ~~you~~Franchisee's Center (any "Contact Identifiers") will be used solely to identify ~~you~~Franchisee's Center in accordance with these Terms. ~~You~~Franchisee acknowledge and agree that, as between ~~us~~Franchisor and ~~you, we~~Franchisee, Franchisor have the sole rights to, and interest in, all Contact Identifiers and also all Online Presences. ~~You~~Franchisee hereby authorize ~~us~~Franchisor and irrevocably appoint ~~us or our~~Franchisor or Franchisor's designee as ~~you~~Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet service provider and all listing agencies to transfer such Contact Identifiers to ~~us~~Franchisor.

J-8.10 Compliance with System Standards AND Medical Standards.

Franchisee agrees ~~You agree~~ that at all times ~~you~~Franchisee's Center will operate and be maintained by ~~you~~Franchisee in compliance with each and every System Standard, as ~~we~~Franchisor periodically modify and supplement them. Though ~~we~~Franchisor retains the right to establish and periodically modify System Standards, ~~you~~Franchisee retains the right and sole responsibility for the day-to-day management and the implementation and maintenance of System Standards at ~~you~~Franchisee's Center. ~~Our~~Franchisor's System Standards do not, and will not be deemed to, constitute practice of medicine or ~~us~~Franchisor exerting control over delivery or supervision of Medical Services; however, they may regulate all non-clinical aspects of the operation of ~~you~~Franchisee's Center, including any one or more of the following:

8.10.1 ~~(1)~~-staffing levels for ~~you~~Franchisee's Center as it relates to provision of non-medical goods and services at ~~you~~Franchisee's Center, non-medical training, dress, and appearance (although employee selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions are ~~you~~Franchisee's sole responsibility);

8.10.2 ~~(2)~~-use and display of the Marks;

8.10.3 ~~(3)~~-the point-of-sale system used at ~~you~~Franchisee's Centers and methods of payment that ~~you~~Franchisee's Center may accept from customers for services other than Medical Services;

8.10.4 ~~(4)~~-participation in market research and product and service testing programs;

8.10.5 ~~(5)~~-participation in gift card, loyalty, and similar programs;

8.10.6 ~~(6)~~-non-clinical products and services offered at the ~~Next~~Health Centers;

8.10.7 ~~(7)~~-bookkeeping, accounting, non-clinical data processing, and record keeping systems and forms (including the requirement to use ~~our~~Franchisor's standard chart accounts and accounting periods); formats, content and frequency of reports to ~~us~~Franchisor of sales, revenue, and financial performance and condition;

8.10.8 ~~(8)~~-sales, marketing, advertising and promotional programs and materials and media used in connection with ~~you~~Franchisee's Center;

8.10.9 ~~(9)~~—participation in quality assurance and client satisfaction programs;

8.10.10 ~~(10)~~—types, amounts, terms and conditions of insurance coverage required for your Franchisee's Center, including criteria for your Franchisee's insurance carriers; and

8.10.11 ~~(11)~~—any other non-clinical aspects of maintaining your Franchisee's Center that we Franchisor determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Next Next Health Centers.

Our Franchisor's modification of System Standards, which may accommodate regional or local variations, may obligate your Franchisee to invest additional capital in your Franchisee's Center and incur higher operating costs. We Franchisor will give reasonable notice to you if we Franchisee if Franchisor modify the System Standards. Subject to applicable laws and at our Franchisor's discretion, we Franchisor may require certain modifications to the System Standards on a regional or local basis. These modifications do not need to be implemented throughout the System, and in certain situations, could only affect your Franchisee's Center, and could include requiring temporary closure. We Franchisor will determine the scope and duration of such modifications.

Your Franchisor's Medical Director will periodically issue certain standards and specifications regarding the offer, provision, and supervision of Medical Services at your Franchisee's Center, including those governing purchase, storage, placement, and use of Operating Assets that will be used in providing Medical Services; marketing of Medical Services; and other aspects relating to offer, provision, and supervision of Medical Services at your Franchisee's Center that your Franchisee's Medical Director's deems appropriate in the independent exercise of its medical judgement (collectively, the "**Medical Standards**"). You Franchisee must also comply with the Medical Standards as they may apply to the non-clinical administrative support services you Franchisee provides to your Franchisee's Medical Service Manager and Medical Director. Your Franchisee's Medical Director may periodically, upon notice to you Franchisee, modify the Medical Standards in accordance with its independent medical judgement. Your Franchisee's Medical Director's modification of the Medical Standards may obligate you Franchisee to invest additional capital in your Franchisee's Center and incur higher operating costs.

~~K-8.11~~ Information Security.

Franchisee You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric data, government-issued identification numbers and credit report information ("**Personal Information**"). Through your Franchisee's Medical Director, you Franchisee may have access to certain health information of customers of the Center that may be protected under HIPAA or other applicable laws. You Franchisee agrees to not use, process, copy, display, publish, store, or transfer the Personal Information of any customer without its prior written consent in compliance with the applicable laws.

During and after the Term, you Franchisee (and your Franchisee's owners) agree to, and to cause your Franchisee's respective current and former employees, representatives, Affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us Franchisor and

~~our~~Franchisor's Affiliates in complying with all ~~our~~Franchisor's and their obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify ~~us~~Franchisor of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If ~~you~~Franchisee become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, ~~you~~Franchisee will notify ~~us~~Franchisor immediately of the breach or unauthorized access and specify the extent to which Personal Information was compromised or disclosed, and ~~you~~Franchisee's plans to correct and prevent any further breach or unauthorized access. ~~You~~ Franchisee must also promptly notify ~~us if you~~Franchisor if Franchisee receive any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, or ~~you~~Franchisee's compliance with ~~you~~Franchisee's obligations relating to Personal Information under the Agreement, and/or if ~~you~~Franchisee have any reason to believe ~~you~~Franchisee will not be able to satisfy any of ~~you~~Franchisee's obligations relating to Personal Information under the Agreement. ~~You~~ Franchisee will allow ~~us~~Franchisor, in ~~our~~Franchisor's discretion, to participate in any response or corrective action.

Notwithstanding anything to the contrary in the Agreement or otherwise, ~~you~~Franchisee agree that ~~we~~Franchisor do not control or own any of the following Personal Information (collectively, the "Restricted Information"): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of ~~you, you~~Franchisee, Franchisee's Affiliates, or ~~you~~Franchisee's Center; and (b) such other Personal Information as ~~we~~Franchisor from time to time expressly designate as Restricted Information. Regardless of any guidance ~~we~~Franchisor may provide generally and/or any specifications that ~~we~~Franchisor may establish for other Personal Information, ~~you have~~Franchisee has sole and exclusivity responsibility for all Restricted Information, including establishing protections and safeguards for such Restricted Information; provided, that in each case ~~you~~Franchisee agrees to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Information.

~~10.~~ IX. MARKETING:

~~A.~~ 9.1 Grand Opening Advertising.

Franchisee ~~You~~ must, at ~~you~~Franchisee's expense and on the dates ~~we, Franchisor~~ designates before and after ~~you~~Franchisee's Center opens, conduct presale marketing and grand opening marketing for ~~you~~Franchisee's Center (collectively, "Grand Opening") ~~that in~~ compliance with the requirements set forth in the Operations Manual and the applicable laws. The amount ~~you~~Franchisee will be required to spend on ~~you~~Franchisee's Grand Opening will depend on various factors, but ~~we~~Franchisor will not require ~~you~~Franchisee to spend more than ~~fifty thousand and 00/100 d~~Dollars (~~\$50,000~~50,000.00). The amount ~~you~~Franchisee spend on Grand Opening will not count towards ~~you~~Franchisee's other required marketing expenditures under this ~~Article 10~~Section 9 or the Marketing Expenditure Cap (defined below).

~~B.~~ 9.2 Brand Promotion Fund.

Franchisee agrees ~~You agree~~ to contribute to a fund ~~we~~Franchisor establish to promote the awareness of the ~~Next Next~~NextHealth brand and ~~Next Next~~NextHealth Centers generally (the "Brand Fund"). ~~You~~Franchisee's contribution will be in amounts ~~we~~Franchisor periodically specifies and will be payable in the same manner as the Royalty. Currently, the required Brand Fund contribution is the amount shown on ~~the attached Data Sheet~~Appendix I; however, ~~we have~~Franchisor has the right, at any time and on notice to ~~you~~Franchisee, to change the amount ~~you~~Franchisee must contribute to the Brand Fund subject to the Marketing Expenditure Cap

defined in ~~Section 10.C~~ Section 9.3 below.

~~We~~Franchisor and ~~our~~Franchisor's Affiliates will have exclusive control over all programs and services administered by the Brand Fund, with sole discretion over the creative concepts, materials, and campaigns and their geographic market, media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic, virtual, or digital media; developing, implementing, and maintaining any Online Presences or other software or applications; administering advertising and marketing campaigns; administering regional and multi-regional marketing and advertising programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, ~~Next~~ NextHealth brand, and/or ~~Next~~ NextHealth Centers. ~~We~~ Franchisor may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that ~~we or our~~Franchisor or Franchisor's Affiliates incur that are related to administering or directing the Brand Fund and its programs. ~~We may also elect to use (but will not have the obligation to use) the Brand Fund to pay for or reimburse franchisees for so costs they may incur for promoting their NextHealth Centers and/or complying with updated branding guidelines.~~ We may modify Brand Fund programs, services, or expenditures at any time in ~~our~~Franchisor's sole discretion.

~~We~~Franchisor will account for the Brand Fund separately from ~~our~~Franchisor's other funds. However, ~~the Brand Fund is not a trust, and~~ neither ~~we~~Franchisor nor any of ~~our~~Franchisor's Affiliates has any fiduciary obligation to ~~you~~Franchisee or any other person for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from ~~us~~Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. ~~We~~ Franchisor will prepare an annual, unaudited statement of Brand Fund collections and expenses and give ~~you~~Franchisee the statement upon written request. ~~We~~Franchisor may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. ~~We~~Franchisor may incorporate the Brand Fund or operate it through a separate entity whenever ~~we~~Franchisor deems appropriate. The successor entity will have all the rights and duties specified in this ~~Section~~Section 9.

~~We~~Franchisor intends for the Brand Fund to promote the applicable Marks, the ~~Next~~ NextHealth franchise system, ~~Next~~ NextHealth Centers, and the ~~Next~~ NextHealth @-brand generally. As such, ~~you~~Franchisee acknowledges and agrees that there is no guarantee that ~~you or your~~Franchisee or Franchisee's Center will benefit from Brand Fund expenditures directly or in proportion to ~~your~~Franchisee's Brand Fund contribution. ~~You~~ Franchisee further acknowledges and agrees that the results of any marketing and promotional programs are by their nature uncertain, and that neither ~~we~~Franchisor nor any of ~~our~~Franchisor's Affiliates or representatives has guaranteed the results of any Brand Fund programs, services, or expenditures in any manner.

~~We have~~Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. ~~We~~Franchisor also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this ~~Section, we~~Section 9, Franchisor assume no direct or indirect liability or obligation to ~~you~~Franchisee for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

~~We~~Franchisor may upon notice to ~~you~~Franchisee suspend the Brand Fund's operations or terminate (and, if terminated, reinstate) the Brand Fund. If ~~we~~Franchisor terminates the Brand Fund, ~~we~~Franchisor will, at ~~our~~Franchisor's option, either spend all unspent monies in accordance with this ~~Section~~Section 9 until such amounts are exhausted, or distribute the funds in the Brand Fund to ~~Next~~ NextHealth franchisees owners on a pro rata basis. ~~We~~ Franchisor may elect to maintain multiple Brand Funds or the administration thereof, whether

determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to this Section.

~~C-9.3~~ Local Marketing Expenditures.

In addition to ~~you~~Franchisee's obligations under ~~Section 10.A-Section 9.1~~ Section 9.1 above and beginning after ~~you~~Franchisee completes ~~you~~Franchisee's Grand Opening advertising pursuant to ~~Section 10.A-Section 9.1~~ Section 9.1, each month ~~you~~Franchisee must spend, at a minimum, the amount ~~we~~ specified from time to time in Appendix I on local advertising and related activities in connection with the promotion and marketing of ~~you~~Franchisee's Center (the "**Local Marketing Expenditure**"). The current Local Marketing Expenditure is specified on ~~the attached Data Sheet. We have~~ Appendix I. Franchisor has the right, at any time and on notice to ~~you~~Franchisee, to change the amount of ~~you~~Franchisee's Local Marketing Expenditure; provided, however, ~~we~~Franchisor agrees that ~~we~~Franchisor cannot require that ~~you~~Franchisee's Brand Fund Contribution and Local Marketing Expenditure, in the aggregate, exceed five percent (5%) of ~~you~~Franchisee's Center's Gross Sales (the "**Marketing Expenditure Cap**"). ~~You~~Franchisee must list and advertise ~~you~~Franchisee's Center with the online directories ~~we~~Franchisor periodically prescribe and establish any other Online Presence ~~we~~Franchisor require or authorize, each in accordance with ~~our~~Franchisor's System Standards. Within thirty (30) days after the end of each calendar quarter, ~~you~~Franchisee agrees to send ~~us~~Franchisor, in the manner ~~we~~Franchisor prescribe, an accounting of ~~you~~Franchisee's expenditures required under this Section during the preceding calendar quarter.

~~You~~Franchisee must obtain (i) ~~our~~Franchisor's written approval of all advertising and marketing materials that ~~you~~Franchisee intend to use in connection with ~~you~~Franchisee's Center, and (ii) ~~you~~Franchisee's Medical Service Manager and Medical Director's written approval of all information regarding Medical Services that is included in the advertising and marketing materials of ~~you~~Franchisee's Center. All such materials must be completely clear, factual, ethical, not misleading, and must conform to ~~our~~Franchisor's marketing and advertising policies that ~~we~~Franchisor periodically prescribes and applicable laws. All advertising and marketing materials that ~~you~~Franchisee intend to use in connection with ~~you~~Franchisee's Center must clearly state that all Medical Services are provided and/or supervised, as required under applicable laws, by licensed healthcare professionals. ~~You~~Franchisee must submit to ~~us~~Franchisor, for ~~our~~Franchisor's approval, samples of marketing materials ~~you~~Franchisee intend to use at least ten (10) days prior to ~~you~~Franchisee's proposed use. If ~~you do~~Franchisee does not receive ~~our~~Franchisor's written approval of the materials within ten (10) days of ~~you~~Franchisee's submission, they are deemed to be not disapproved. ~~We~~Franchisor may, in ~~our~~Franchisor's discretion, withdraw ~~our~~Franchisor's approval if a regulatory or other issue arises that, in ~~our~~Franchisor's opinion, makes such withdrawal in ~~our~~Franchisor's or the System's best interests. ~~Our~~Franchisor's approval of any advertising and marketing material is entirely for ~~our~~Franchisor's own benefit and may not be relied upon as representations, warranties, or indications of any kind, including compliance of such materials with applicable laws.

~~We~~Franchisor reserves the right, at any time, to issue ~~you~~Franchisee a notice that the amounts required to be spent by ~~you~~Franchisee under this ~~Section 10.C-Section 9.3~~ Section 9.3 shall, instead, be paid to ~~us or our~~Franchisor or Franchisor's designee. If ~~we~~Franchisor exercise this option, ~~we~~Franchisor will then spend such amounts, in accordance with local marketing guidelines and programs that ~~we~~Franchisor periodically develop, to advertise and promote ~~you~~Franchisee's Center on ~~you~~Franchisee's behalf. ~~We~~Franchisor may instead, in ~~our~~Franchisor's discretion, contribute any such amounts to the Brand Fund. ~~We~~Franchisor may also elect, on one or more occasions and without prejudice to ~~our~~Franchisor's rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on ~~you~~Franchisee's behalf and, instead, to require ~~you~~Franchisee to conduct such marketing activities yourself on Franchisee's behalf in accordance with this ~~Section 10.C-Section 9.3~~ Section 9.3.

D-9.4 System Websites & Online Presences.

~~Franchisor~~ We may establish, develop and update Online Presences to advertise, market, and promote ~~Next~~ NextHealth Centers, the products and services that they offer and sell, or the ~~Next~~ NextHealth Center franchise opportunity (each a “System Website”). ~~We~~Franchisor may, but are not obligated to, provide ~~you~~Franchisee with a webpage or other Online Presence that references ~~your~~Franchisee’s Center on any System Website, ~~upon which, you must.~~ If Franchisor elects to offer this service, then Franchisee must use the System Website as follows: (i) provide ~~us~~Franchisor the information and materials ~~we~~Franchisor request to develop, update, and modify the information about ~~your~~Franchisee’s Center; (ii) notify ~~us~~Franchisor whenever any information about ~~your~~Franchisee’s Center is not accurate; and (iii) pay ~~our~~Franchisor’s then current initial fee and monthly maintenance fee for the Online Presences that are dedicated to ~~your~~Franchisee’s Center. ~~You~~Franchisee acknowledges that ~~we~~Franchisor have final approval rights over all information on any System Website.

If ~~you~~Franchisee defaults under the Agreement, ~~we~~Franchisor may, in addition to ~~our~~Franchisor’s other remedies, temporarily remove references to ~~your~~Franchisee’s Center from any System Website until ~~you~~Franchisee fully cure the default. All advertising, marketing, and promotional materials that ~~you~~Franchisee develop for ~~your~~Franchisee’s Center must contain notices of the System Website’s domain name in the manner ~~we~~Franchisor designate.

~~You~~Franchisee may not, without ~~our~~Franchisor’s prior written consent, develop, maintain or authorize any Online Presence that mentions ~~your~~Franchisee’s Center, links to any System Website, or displays any of the Marks. ~~You~~Franchisee may not, directly or indirectly, through any Online Presence, promote, advertise or sell any products or services without ~~our~~Franchisor’s prior written approval. If ~~we~~Franchisor approve the use of any such Online Presence in ~~your~~Franchisee’s Center’s operations, ~~you~~Franchisee will develop and maintain such Online Presence only in accordance with ~~our~~Franchisor’s guidelines, including ~~our~~Franchisor’s guidelines for posting any messages or commentary on other ~~third-party~~third (3rd) party websites. Unless ~~we~~Franchisor specifies otherwise, ~~we~~Franchisor will own the rights to each such Online Presence. At ~~our~~Franchisor’s request, ~~you~~Franchisee agrees to grant ~~us~~Franchisor access to each such Online Presence, and to take whatever action (including signing an assignment or other documents) ~~we~~Franchisor request to evidence ~~our~~Franchisor’s ownership of such Online Presence, or to help ~~us~~Franchisor obtain exclusive rights in such Online Presence. If ~~we~~Franchisor allows ~~you~~Franchisee to maintain an Online Presence for ~~your~~Franchisee’s Center, ~~you~~Franchisee must prepare and link a privacy policy to such Online Presence, which must comply with all applicable laws, the System Standards, and other terms and conditions that ~~we~~Franchisor may prescribe in writing.

~~We~~Franchisor reserves the right to require ~~you~~Franchisee to obtain from ~~us~~Franchisor and use an email address associated with ~~our~~Franchisor’s registered domain name. If ~~we~~Franchisor requires ~~you~~Franchisee to obtain and use such an email address, ~~you~~Franchisee must do so according to ~~our~~Franchisor’s then-current terms and conditions and System Standards. ~~You~~Franchisee acknowledge and agree that ~~we~~Franchisor will, subject to the applicable laws, have access to all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. ~~We~~ Franchisor may deactivate any such account or limit ~~your~~ or ~~your~~Franchisee’s or Franchisee’s users’ access to it at any time.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, ~~WE~~FRANCHISOR HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF A SYSTEM WEBSITE AND ~~YOUR~~FRANCHISEE’S CENTER’S PAGE, INCLUDING ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, ~~WE~~FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT

DAMAGES (INCLUDING ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE SYSTEM WEBSITE OR ~~YOUR~~FRANCHISEE'S CENTER'S PAGE.

~~11-X.~~ RECORDS, REPORTS, ~~AND~~& FINANCIAL STATEMENTS:

~~You~~Franchisee must establish and maintain, at ~~your~~Franchisee's own expense, a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats ~~we~~Franchisor periodically prescribe, including using ~~our~~Franchisor's standard chart of accounts. Subject to applicable laws, ~~you~~Franchisee must provide ~~us~~Franchisor with such reports and information ~~we~~Franchisor requests from time to time, regarding the performance of ~~your~~Franchisee's Center. These requests may include, among other things, operational data, financial statements showing ~~your~~Franchisee's net worth and operating results, copies of ~~your~~Franchisee's income and sales tax returns, information on the status of any loans for which ~~your~~Franchisee's Center is used as collateral, and current financial information for ~~your~~Franchisee's Owners and guarantors sufficient to demonstrate their ability to satisfy their obligations under their individual Guarantees. ~~You~~Franchisee agrees to provide this information in the frequency, manner and format ~~we~~Franchisor periodically prescribes. Subject to applicable law, ~~we~~Franchisor may disclose data derived from these reports, and ~~we~~Franchisor may, as often as ~~we~~Franchisor deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the operation of ~~your~~Franchisee's Center. ~~You~~Franchisee agrees to preserve and maintain all records in a secure location at ~~your~~Franchisee's Center for at least three (3) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers) or such time frame as required by law for records retention.

~~12-XI.~~ INSPECTIONS ~~AND~~& AUDITS:

~~A-OUR~~11.1 Franchisor's Right to Inspect ~~YOUR~~Franchisee's Center.

To determine whether ~~you are~~Franchisee is complying with the Agreement and ~~you are complying with~~ ~~all~~ System Standards, ~~we~~Franchisor (or ~~our~~Franchisor's designee) may subject to applicable laws and without prior notice to ~~you~~Franchisee: (i) inspect and photograph, capture moving images, and observe ~~your~~Franchisee's Center and its operations for consecutive or intermittent periods ~~we~~Franchisor deems necessary (except as prohibited by law); (ii) remove samples of any products and supplies; (iii) interview ~~your~~Franchisee's personnel and clients (except as prohibited by law); (iv) inspect ~~your~~Franchisee's Computer System and its components (except as prohibited by law); and (v) inspect and copy any books, records, and documents relating to the operation of ~~your~~Franchisee's Center. ~~You~~Franchisee agrees to fully cooperate with ~~us~~. ~~If we~~Franchisor during any inspection. ~~If Franchisor~~ exercise any of these rights, ~~we~~Franchisor will not interfere unreasonably with the operation of ~~your~~Franchisee's Center. ~~You~~Franchisee agrees to present to ~~your~~Franchisee's clients the evaluation forms that ~~we~~Franchisor may prescribe and to participate in and request ~~your~~Franchisee's clients to participate in any surveys performed by or for ~~us~~. ~~We~~Franchisor. ~~Franchisor~~ may also engage third (3rd) parties to conduct mystery shopper, customer survey or other market research testing, and quality assurance inspections at ~~your~~Franchisee's Center. ~~You~~ ~~Franchisee~~ agree to reimburse ~~us~~Franchisor for the cost of any mystery shoppers that ~~we~~Franchisor engage to inspect ~~your~~Franchisee's Center from time to time.

~~B-OUR RIGHT TO AUDIT.~~

~~We and our~~11.2 Franchisor's Right to Audit. ~~Franchisor and Franchisor's~~ designated agents or representatives may at any time during ~~your~~Franchisee's business hours, and without prior notice to ~~you~~Franchisee, examine the bookkeeping and accounting records for ~~your~~Franchisee's Center, the sales and

income tax records and returns, and such other records ~~we~~Franchisor deem necessary to determine ~~you~~Franchisee's compliance with the Agreement. ~~You~~Franchisee agrees to cooperate fully with ~~us and our~~Franchisor and Franchisor's representatives and independent accountants in any examination, and ~~you~~Franchisee hereby appoints ~~us as you~~Franchisor as Franchisee's attorney-in-fact to receive and inspect ~~you~~Franchisee's confidential sales and other tax records and hereby authorize all tax authorities to provide such information to ~~us~~Franchisor for all tax periods during the Term. If any examination discloses an understatement of the Gross Sales, ~~you~~Franchisee agree to pay ~~us~~Franchisor, within fifteen (15) days after receiving the examination report, the Royalty and Brand Fund Contributions due on the amount of the understatement, plus ~~our~~Franchisor's service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to ~~you~~Franchisee's failure to timely furnish reports, supporting records, or other information as required, or if ~~our~~Franchisor's examination reveals a Royalty or Brand Fund Contribution understatement exceeding two percent (2%) of the amount that ~~you~~Franchisee actually reported to ~~us~~Franchisor for the period examined, ~~you~~Franchisee agrees to reimburse ~~us~~Franchisor for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of ~~our~~Franchisor's employees. These remedies are in addition to ~~our~~Franchisor's other remedies and rights under the Agreement and applicable law.

~~13.~~ XII. TRANSFER:

A. BY US.

~~We have~~12.1 By Franchisor. Franchisor has the right to delegate the performance of any portion or all of ~~our~~Franchisor's rights and obligations under the Agreement to ~~third-party~~third (3rd) party designees, whether these designees are ~~our~~Franchisor's agents or independent contractors with whom ~~we have~~Franchisor has contracted to perform these obligations. ~~We~~Franchisee acknowledges that the Franchisor maintains a staff to manage and operate the System, and that this staff members can change as employees come and go. ~~You~~Franchisee represents that ~~you have~~Franchisee has not signed the Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with ~~us~~Franchisor in any capacity. ~~We~~Franchisor may change ~~our~~Franchisor's ownership or form of ownership structure or assign the Agreement and any other agreement to a third (3rd) party without restriction.

B. BY YOU OR YOUR OWNERS.

~~You~~12.2 By Franchisee or Franchisee's Owners. Franchisee's rights and duties under the Agreement are personal to ~~you~~Franchisee (or ~~you~~Franchisee's Owners if ~~you are~~Franchisee is not a natural person), and ~~we have~~Franchisor has granted ~~you~~Franchisee the Franchise in reliance upon ~~our perceptions of you (or you~~Franchisee's (or Franchisee's Owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither ~~you~~Franchisee nor any of ~~you~~Franchisee's Owners, nor any of ~~you~~Franchisee's or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber any direct or indirect interest in the Agreement (including any or all of ~~you~~Franchisee's rights or obligations under it), ~~you~~Franchisee's Center or its assets (other than in the ordinary course of business), ~~you~~Franchisee's right to possession of the Premises, or any direct or indirect ownership interest in ~~you~~Franchisee (regardless of its size) (each, a "Transfer"), without ~~our~~Franchisor's prior written consent. Any Transfer without ~~our~~Franchisor's prior written approval is a material breach of the Agreement and has no effect.

If ~~you~~Franchisee intends to list ~~you~~Franchisee's Center for sale with any broker or agent, ~~you~~Franchisee shall do so only after obtaining ~~our~~Franchisor's written approval of the broker or agent and of the listing agreement and any advertising materials. ~~You~~Franchisee may not use any Mark in advertising the sale of ~~you~~Franchisee's Center or of any ownership in ~~you~~Franchisee without ~~our~~Franchisor's prior written consent.

~~C.~~ 12.3 Conditions for Approval of Transfer.

~~Franchisor~~ We may reject or condition ~~our~~Franchisor's approval of a proposed Transfer in

~~our~~Franchisor's reasonable discretion. ~~You~~Franchisee agree that the following is a non-exclusive list of reasonable factors and conditions that ~~we~~Franchisor may and are likely to consider:

12.3.1 ~~(1)~~-whether the Center has opened for business;

12.3.2 ~~(2)~~-whether ~~you~~Franchisee (and ~~your~~Franchisee's Owners) ~~are~~is in compliance with these Terms;

12.3.3 ~~(3)~~-whether the proposed transferee and its owners (if the transferee is not a natural person) are qualified to own and operate ~~your~~Franchisee's Center;

12.3.4 ~~(4)~~-whether ~~you have~~Franchisee has provided ~~us~~Franchisor with all information and documents ~~we~~Franchisor request regarding the Transfer and the proposed transferee and its owners or Affiliates;

12.3.5 ~~(5)~~-whether the structure of the Transfer, including any associated debt, places the Center at undue financial or operational risk;

12.3.6 ~~(6)~~-whether, if ~~you or your~~Franchisee or Franchisee's Owners offers the transferee financing for any part of the purchase price, ~~you~~Franchisee and ~~your~~Franchisee's Owners are willing to agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in ~~your~~Franchisee's Center will be subordinate to the transferee's obligation to pay amounts it owes to ~~us~~, ~~our~~Franchisor, Franchisor's Affiliates, and third (3rd) party vendors and otherwise to comply with the Agreement (or any applicable franchise agreement replacing the Agreement);

12.3.7 ~~(7)~~-whether the transferee is willing to upgrade, remodel and/or refurbish ~~your~~Franchisee's Center in accordance with ~~our~~Franchisor's then-current System Standards;

12.3.8 ~~(8)~~-~~your~~Franchisee's (and ~~your~~Franchisee's Owners') and, if the transferee or its owners are franchisees of other Next NextHealth Centers, their willingness to sign a general release, in a form satisfactory to ~~us~~Franchisor, of any and all claims against ~~us and our~~Franchisor and Franchisor's shareholders, officers, directors, employees and agents;

12.3.9 ~~(9)~~-~~your (and your~~Franchisee's (and Franchisee's transferring Owners' and ~~your~~Franchisee's or their immediate family members) willingness to agree, commencing on the effective date of the Transfer, to comply with the post-termination obligations and restrictive covenants under these Terms regarding confidentiality and non-competition;

12.3.10 ~~(10)~~-whether all persons required to complete training under the transferee's ~~f~~Franchise ~~a~~Agreement has satisfactorily completed ~~our~~Franchisor's training program, and transferee has paid all costs and expenses ~~we~~Franchisor incurs to provide the training program to such persons;

12.3.11 ~~(11)~~-whether all notices or approvals relating to the proposed

Transfer (including any landlord notices or consents) have been given or obtained, as required, with copies provided to ~~us~~Franchisor;

~~12.3.12 (12)~~—whether, at ~~our~~Franchisor’s request, the transferee signs ~~our~~Franchisor’s then-current form of franchise agreement and related documents for the balance of the Term, any and all of the provisions of which may differ materially from any and all of those contained in these Terms;

~~12.3.13 (13)~~—~~your~~Franchisee’s payment to ~~us~~Franchisor of a Transfer fee in the amount ~~of 50% of our then-current initial franchise fee~~ listed in Appendix I; and

~~12.3.14 (14)~~—~~our~~Franchisor’s receipt of fully executed copies of all agreements by which the Transfer takes place along with evidence ~~we~~Franchisor reasonably request to show that appropriate measures have been taken to effect the Transfer as it relates to ~~your~~Franchisee’s Center’s operations, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

~~We may review all information regarding your Center that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Center.~~

~~D-~~12.4 Death or Disability.

Transfers by inheritance are Transfers under ~~Section 13.B~~ Section 12.2 above. On ~~your or your Franchisee’s or Franchisee’s~~ Owner’s death or disability (as applicable), ~~we~~Franchisor may require ~~you or your Franchisee or Franchisee’s~~ Owner’s executor, administrator, conservator, guardian or other personal representative to Transfer ~~your Franchisee’s~~ interest in the Agreement (or ~~your Franchisee’s~~ Owner’s interest in ~~you Franchisee~~) to a third (3rd) party ~~we~~Franchisor approves. Such disposition must be completed within six (6) months from the date of death or disability and will be subject to all of the terms and conditions applicable to Transfers contained in ~~Sections 13.B and 13.C~~ Sections 12.2 and 12.3 above. Failure to Transfer ~~your Franchisee’s~~ interest in the Agreement or the ownership interest in ~~you Franchisee~~ within this period of time constitutes a breach of the Agreement. For purposes of this Section, “**disability**” means a permanent mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent ~~you Franchisee~~ or an Owner from operating ~~your Franchisee’s~~ Center in accordance with these Terms, as diagnosed and determined by a physician licensed to operate where Franchisee is headquartered.

If any of the foregoing in this ~~Section 13.D~~ Section 12.4 occurs, and ~~your Franchisee’s~~ Center is not being managed by a trained Managing Owner, the executor, administer or other personal representative must, within a reasonable period of time, not to exceed fifteen (15) days from the date of death or disability, appoint a qualified manager to operate ~~your Franchisee’s~~ Center. If it has not already done so, such Managing Owner will be required to complete ~~our Franchisor’s~~ initial training program at ~~your Franchisee’s~~ expense. Pending the appointment of a new Managing Owner as provided herein, or if, in ~~our Franchisor’s~~ judgment, ~~your Franchisee’s~~ Center is not being managed properly any time after ~~your Franchisee’s~~ death or disability, ~~we have~~Franchisor has the right, but not the obligation, to appoint an interim manager for ~~your Franchisee’s~~ Center. All funds from the operation of ~~your Franchisee’s~~ Center during the management by ~~our Franchisor’s~~ appointed manager will be kept in a separate account, and all expenses of ~~your Franchisee’s~~ Center, including compensation, other costs and travel and living expenses of ~~our Franchisor’s~~ manager, will be charged to this account. ~~We~~Franchisor also havehas the right to charge a reasonable management fee (in addition to amounts payable under the Agreement) during the period that ~~our Franchisor’s~~ appointed manager manages ~~your Franchisee’s~~ Center. Operation of ~~your Franchisee’s~~ Center

during any such period will be on ~~you~~Franchisee's behalf, provided that ~~we~~Franchisor only ~~have~~has a duty to utilize ~~our~~Franchisor's best efforts and will not be liable to ~~you or your~~Franchisee or Franchisee's Owners for any debts, losses or obligations incurred by ~~you~~Franchisee's Center or to any of ~~you~~Franchisee's creditors for any products, materials, supplies or services ~~you~~Franchisee's Center purchases during any period it is managed by ~~our~~Franchisor's appointed manager.

~~E.~~ 12.5 Effect of Consent to Transfer.

~~Franchisor's~~ ~~Our~~ consent to a Transfer is not a representation of the fairness of the terms of any contract between ~~you or your~~Franchisee or Franchisee's Owners and the transferee, a guarantee of ~~you~~Franchisee's Center's or transferee's prospects of success, or a waiver of any claims ~~we have~~Franchisor has against ~~you~~Franchisee (or ~~you~~Franchisee's Owners) or of ~~our~~Franchisor's right to demand full compliance by ~~you~~Franchisee and the transferee with the Agreement.

~~F.~~ 12.6 Public or Private Offering.

~~Because any written~~ ~~Written~~ information used to raise or secure funds can reflect upon ~~us~~Franchisor and the System. ~~You, Franchisee~~ agrees to submit any written information intended to be used for that purpose to ~~us~~Franchisor before inclusion in any registration statement, prospectus or similar offering memorandum. Should ~~we~~Franchisor object to any reference to ~~us or our~~Franchisor or Franchisor's Affiliates or any of ~~our~~Franchisor's business in the offering literature or prospectus, the literature or prospectus shall not be used until ~~our~~Franchisor's objections are withdrawn. ~~You or any area of concern is addressed to Franchisor's satisfaction.~~ Franchisee may not engage in a public offering of securities without ~~our~~Franchisor's prior written consent ~~and approval.~~

~~G.~~ OUR RIGHT OF FIRST REFUSAL.

~~If you~~12.7 Franchisor's Right of First (1st) Refusal. If Franchisee (or any of ~~you~~Franchisee's Owners) desires to engage in a Transfer, ~~you~~Franchisee (or ~~you~~Franchisee's Owners) agrees to obtain from a responsible and fully disclosed buyer, and ~~send us~~submit to Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating solely to an interest in ~~you~~Franchisee, or in ~~the~~this Agreement, and ~~you~~Franchisee's Center. The offer must include details of the payment terms ~~offer~~ the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the entire proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. ~~We~~Franchisor may require ~~you~~Franchisee (or ~~you~~Franchisee's Owners) to send ~~us~~Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within ~~thirty~~ (30) days after ~~we~~Franchisor receives an exact copy of the bona fide offer and all relevant information ~~we~~Franchisor requests, ~~we~~Franchisor may, by written notice to ~~you~~Franchisee, elects to purchase the interest offered for the price and on the terms and conditions contained in the offer. ~~We~~Franchisor may substitute for cash any non-cash form of payment proposed in the offer. If ~~we~~Franchisor exercises ~~our~~Franchisor's right of first (1st) refusal, ~~we~~Franchisor will have ~~thirty~~ (30) days from the date ~~we~~Franchisor notified ~~you of our~~Franchisee of Franchisor's intended purchase to complete the purchase. ~~You~~Franchisee and ~~you~~Franchisee's Owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, and ~~you~~Franchisee and ~~you~~Franchisee's selling owner(s) (and ~~you~~Franchisee's and their immediate family members) must comply with the obligations described in ~~Section 16~~Section 15 below, including those regarding Competitive Businesses as described in ~~Section 16.A(7)~~Section 15.1.7, as though the Agreement had expired on the date of the purchase. ~~We have~~Franchisor has the unrestricted right to assign this right of first (1st) refusal, and the assignee will have the rights described in this ~~Section 13.G~~Section 12.7.

If ~~we do~~ Franchisor does not exercise ~~our~~ Franchisor's right of first (1st) refusal, ~~you or your~~ Franchisee or Franchisee's Owners may complete the sale to the proposed buyer on the original offer's terms, but only if ~~we~~ Franchisor otherwise approve the Transfer in accordance with, and ~~you~~ Franchisee (and ~~your~~ Franchisee's Owners) and the transferee comply with the conditions in, ~~Sections 13.B and 13.C~~ Sections 12.2 and 12.3 above. If ~~you do~~ Franchisee does not complete the sale to the proposed buyer within sixty (60) days after either ~~we~~ Franchisor notifies ~~you~~ Franchisee that ~~we do~~ Franchisor does not intend to exercise ~~our~~ Franchisor's right of first (1st) refusal or the time ~~our~~ Franchisor's exercise expires, or if there is a material change in the terms of the sale (which ~~you~~ Franchisee agrees to tell ~~us~~ Franchisor promptly), ~~we or our~~ Franchisor or Franchisor's designee will have an additional right of first (1st) refusal during the thirty (30-) day period following either the expiration of the sixty (60-) day period or ~~our~~ Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at ~~our or our~~ Franchisor's or Franchisor's designee's option.

~~14. EXPIRATION OF THE~~ XIII. SUCCESSOR FRANCHISE AGREEMENT.

~~A. YOUR~~ 13.1 Franchisee's Right to Acquire a Successor Franchise.

Subject to this Article ~~14~~ 13, ~~you~~ Franchisee may acquire one (1) consecutive successor Franchise of ten (10) years ~~(or, if shorter, until the expiration or termination of your right to possess the Premises).~~ ~~If you.~~ ~~If~~ Franchisee desire to acquire a successor Franchise, then each of the following conditions must be met before and/or at the time of acquisition (as appropriate):

13.1.1 ~~(1)~~ Franchisee must have given ~~us~~ Franchisor written notice of ~~your~~ Franchisee's election to acquire a successor Franchise not less than one hundred and eighty (180) days nor more than three hundred and sixty-five (365) days before the end of the Term;

13.1.2 ~~(2)~~ Franchisee must have taken, at ~~your~~ Franchisee's expense, all steps identified by ~~us~~ Franchisor to bring ~~your~~ Franchisee's Center into full compliance with the then-current System Standards;

13.1.3 ~~(3)~~ Franchisee must be, and must have been throughout the Term, operating in compliance with ~~your~~ Franchisee's obligations under these Terms, and during that same period, ~~you and your~~ Franchisee and Franchisee's Affiliates must have been in compliance with ~~your~~ Franchisee's or their obligations under any other agreements with ~~us~~ Franchisor;

13.1.4 ~~(4)~~ Franchisee must present satisfactory evidence that ~~you~~ Franchisee have the right to remain in possession of the Premises for the operation of ~~your~~ Franchisee's Center for the duration of the successor term;

13.1.5 ~~(5)~~ Franchisee must present satisfactory evidence that ~~you~~ Franchisee have renewed ~~your~~ Franchisee's Management Agreement with ~~our~~ Franchisor's Affiliate to act as ~~your~~ Franchisee's Medical Service Manager for the duration of the successor term on such terms that are acceptable to ~~us~~ Franchisor;

13.1.6 ~~(6)~~ ~~you and your~~ Franchisee and Franchisee's owners must execute ~~our~~ Franchisor's then-current form of franchise agreement, which will supersede the Agreement in all respects, and the terms of which may differ from the terms of the Agreement, including a higher royalty fee and Brand Fund Contribution or expenditure

requirement (~~you Franchisee~~ will not, however, be required to pay to ~~us Franchisor~~ an initial franchise fee, but ~~you Franchisee~~ or it must pay a successor franchise fee ~~of 50% of our then-current or last initial franchise fee for new single unit franchises~~); as outlined in Appendix I

~~13.1.7 (7) you and your Franchisee and Franchisee's~~ Owners must have executed and delivered to ~~us Franchisor~~ a general release (in a form prescribed by ~~us Franchisor~~) of all claims against ~~us Franchisor~~ and ~~our Franchisor's~~ Affiliates, and each of ~~our Franchisor's~~ respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, including claims arising under the Agreement or under federal, state or local laws, rules, regulations or orders; and

~~13.1.8 (8) we are Franchisor is~~ then granting Franchises for Next Health Centers in the state in which ~~your Franchisee's~~ Center is located.

B-13.2 Grant of a Successor Franchise.

~~Franchisor We~~ will respond, in writing, within ninety (90) days after ~~we Franchisor~~ receive ~~your Franchisee's~~ notice under ~~Section 14.A(1) with our Section 13.1.1 with Franchisor's~~ decision to grant ~~you Franchisee~~ a successor franchise and listing any deficiencies that must be corrected or to not grant a successor franchise with reasons for ~~our Franchisor's~~ decision. If ~~our Franchisor's~~ decision is to grant ~~you Franchisee~~ a successor franchise, ~~our Franchisor's~~ willingness to do so will also be subject to ~~your Franchisee's~~ continued compliance with all of the terms and conditions of these Terms through the date of expiration of the Agreement. Failure to sign such agreements and releases necessary for the successor franchise and to deliver them to ~~us Franchisor~~, along with payment of the applicable fee, for acceptance and signature within the earlier of sixty (60) days after their delivery to ~~you Franchisee~~ or the expiration of the Term will be deemed an election not to acquire a successor franchise.

~~15-~~ XIV. TERMINATION OF AGREEMENT:

~~A. BY YOU.~~

~~You~~ 14.1 By Franchisee. Franchisee may terminate the Agreement upon thirty (30) days' notice to ~~us Franchisor~~, if (i) ~~you Franchisee~~ and ~~your Franchisee's~~ Owners are in full compliance with the Agreement, the Management Agreement, and any other agreement with ~~us or our Franchisor or Franchisor's~~ Affiliates; and (ii) ~~we Franchisor~~ fails to materially comply with the Agreement or ~~our Franchisor's~~ Affiliate fails to comply with its obligations under the Management Agreement, and such breach is not cured within thirty (30) days of receipt of a written notice from ~~you Franchisee~~, or if such breach cannot be cured within thirty (30) days and ~~we or our Franchisor or Franchisor's~~ Affiliate do not provide ~~you Franchisee~~ within thirty (30) days after ~~your Franchisee's~~ notice reasonable evidence of ~~our Franchisor's~~ or their effort to correct the failure within a reasonable time. ~~Your Franchisee's~~ termination of the Agreement other than according to this ~~Section 15.A. Section 14.1~~ will be deemed a termination without cause and a breach of the Agreement.

~~B. BY US.~~

~~(1)~~ 14.2 By Franchisor. Without Opportunity to Cure. ~~We Franchisor~~ may terminate the Agreement, effective on delivery of written notice to ~~you Franchisee~~, if:

~~(a)~~ 14.2.1 Franchisee (or any of ~~your Franchisee's~~ Owners) ~~have~~ has made any material misrepresentations or omissions in the Application Materials or other information provided to ~~us Franchisor~~ in acquiring the Franchise or operating ~~your Franchisee's~~ Center;

14.2.2 Franchisee fails to attend and complete training within sixty (60) days of the execution of this Agreement;

~~(b) you~~ 14.2.3 Franchisee does not sign a Lease for an acceptable site for the Premises or open ~~your~~ Franchisee's Center within the time periods specified under ~~Article 3~~ Section 2;

~~(c) you~~ 14.2.4 Franchisee (i) closes ~~your~~ Franchisee's Center for business or inform ~~us of~~ Franchisor of Franchisee's intention to cease operation of ~~your~~ Franchisee's Center, (ii) fails to actively operate ~~your~~ Franchisee's Center for three (3) or more consecutive days, or (iii) otherwise abandons or appears to have abandoned ~~your~~ Franchisee's rights under the Agreement;

~~(d) you~~ 14.2.5 Franchisee (or any of ~~your~~ Franchisee's Owners) ~~are~~ is or ~~have~~ has been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony;

~~(e) you~~ 14.2.6 Franchisee (or any of ~~your~~ Franchisee's Owners) engages in any conduct which, in ~~our~~ Franchisor's reasonable opinion, adversely affects or is likely to have an adverse effect on the reputation of ~~your~~ Franchisee's Center, other ~~Next~~ Next Health Centers, the System, or the goodwill associated with the Marks;

~~(f) you~~ 14.2.7 Franchisee (or any of ~~your~~ Franchisee's Owners) makes or attempts to make a Transfer without complying with the requirements of ~~Article 13~~ Section 12;

~~(g) you~~ 14.2.8 Franchisee loses the right to occupy the Premises;

~~(h) you~~ 14.2.8 Franchisee (or any of ~~your~~ Franchisee's Owners) makes any unauthorized use or disclosure of any Confidential Information;

~~(i) you~~ 14.2.10 Franchisee fails to pay when due any federal or state taxes due on or in connection with the operation of ~~your~~ Franchisee's Center, unless ~~you~~ Franchisee are in good faith contesting ~~your~~ Franchisee's liability for those taxes;

~~(j) you~~ 14.2.11 Franchisee understates the Gross Sales three (3) times or more during the Term;

~~(k) you~~ 14.2.12 Franchisee (or any of ~~your~~ Franchisee's Owners) (a) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any provision of these Terms or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under these Terms, in either case, whether or not ~~we~~ Franchisor notify ~~you~~ Franchisee of the failures, and, if ~~we~~ Franchisor do notify ~~you~~ Franchisee of the failures, whether or not ~~you~~ Franchisee correct the failures after ~~our~~ Franchisor's delivery of notice to ~~you~~ Franchisee;

~~(l) you~~ 14.2.13 Franchisee (or any of ~~your~~ Franchisee's Owners) files a petition in bankruptcy or a petition in bankruptcy is filed against ~~you; you~~ Franchisee; Franchisee makes an assignment for the benefit of creditors or admit in writing to insolvency or inability to pay debts generally as they become due; ~~you~~ Franchisee consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of ~~your~~ Franchisee's property; ~~your~~ Franchisee's Center is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of ~~you or your~~ Franchisee or Franchisee's Center is not vacated within thirty (30) days following the order's entry;

~~(m)~~ you 14.2.14 Franchisee (or any of you Franchisee's Owners) fails to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

~~(n)~~ you 14.2.15 Franchisee creates or allows to exist any condition in connection with you Franchisee's operation of you Franchisee's Center, at any location, which we Franchisor reasonably determine to present a health or safety concern for the Next ~~Next~~ Health's clients or employees;

~~(o)~~ 14.2.16 if at any time after you Franchisee's Center commences operations, you Franchisee don't have a valid Management Agreement in place with ~~our~~ Franchisor's Affiliate;

~~(p)~~ you 14.2.17 Franchisee fails to comply with any provision of the Management Agreement or Medical Standards and do not correct the failure within the applicable cure period (if any);

~~(q)~~ 14.2.18 if at any time after you Franchisee's Center commences operations, you Franchisee fail to designate one ~~of you~~ (1) of Franchisee's Medical Service Manager's licensed health care professionals as you Franchisee's Medical Director; or

~~(r)~~ ~~you or you~~ 14.2.19 Franchisee or Franchisee's Affiliate fails to comply with any other agreement with ~~us or our~~ Franchisor or Franchisor's Affiliate and does not correct such failure within the applicable cure period, if any.

~~(2)~~ 14.3 Following an Opportunity to Cure. We Franchisor may terminate the Agreement, effective on delivery of written notice to you Franchisee, if:

~~(a)~~ ~~we~~ 14.3.1 Franchisor determines any Required Trainees are not capable or qualified to satisfactorily complete the Initial Training Program, and you ~~do~~ Franchisee does not replace them with persons who are able to, and do, successfully complete the Initial Training Program within twenty-one (21) days following ~~our~~ Franchisor's written notice to you Franchisee;

~~(b)~~ you 14.3.2 Franchisee violates any law, ordinance, rule or regulation of a governmental agency in connection with the operation of you Franchisee's Center and fail to correct such violation within seventy-two (72) hours after you Franchisee receive notice from us Franchisor or any other party;

~~(c)~~ you 14.3.3 Franchisee fails to pay ~~us or our~~ Franchisor or Franchisor's Affiliates any amounts due and do not correct the failure within five (5) days after written notice of that failure has been delivered or fail to pay any third (3rd) party obligations owed in connection with you Franchisee's ownership or operation of you Franchisee's Center and do not correct such failure within any cure periods permitted by the person or entity to whom such obligations are owed;

~~(d)~~ you 14.3.4 Franchisee's Center fails to pass a quality assurance audit, and do not cure such failure within fifteen (15) days after we Franchisor deliver written notice of the failure to you Franchisee; or

~~(e)~~ you 14.3.5 Franchisee (or any of you Franchisee's Owners) fails to comply with any other provision of these Terms or any System Standard; and ~~do~~ does not correct the failure within thirty (30) days after we Franchisor deliver written notice of the failure to you Franchisee.

~~C-~~ 14.4 Assumption of Management.

In addition to, and not in derogation of, any other rights ~~we have~~ Franchisor has under these Terms or

applicable law, if (a) ~~you are~~ Franchisee is in default of ~~your~~ Franchisee's obligations under these Terms or (b) following expiration or termination of the Agreement, ~~we are~~ while Franchisor is considering the assumption of ownership of the location, Franchisor may, at Franchisor's election, Franchisor is considering whether to exercise of ~~our~~ Franchisor's rights to purchase ~~your~~ Franchisee's Center under ~~Section 16.B~~ Section 15.2 below (and pending closing of such purchase if ~~we~~ Franchisor exercise such rights), then ~~we~~ Franchisor may, at ~~our~~ Franchisor's election, either directly or through ~~our~~ Franchisor's designee, enter upon and take possession of ~~your~~ Franchisee's Center, for a period not to exceed one hundred, eighty (180) days, and thereafter take, in ~~your~~ Franchisee's name, all other actions necessary to effect the provisions of the Agreement. ~~You~~ Franchisee agrees that any such entry or other action shall not be deemed a trespass or other illegal act, and ~~we~~ Franchisor will not be liable in any manner to ~~you~~ Franchisee for so doing. If ~~we~~ Franchisor exercises ~~our~~ Franchisor's right to assume the management of ~~your~~ Franchisee's Center under clause (a) of this ~~Section 15.C~~, ~~you~~ Section 14.4, Franchisee shall pay the entire cost thereof to ~~us~~ Franchisor on demand, including compensation to ~~us~~ Franchisor for the management of ~~your~~ Franchisee's Center in the amount of ten percent (10%) of ~~your~~ Franchisee's Gross Sales, which amount will be separate from any fees or other amounts owed to ~~us~~ Franchisor under the Agreement; however, if ~~we~~ Franchisor exercises ~~our~~ Franchisor's right under clause (b) of this ~~Section 15.C~~ Section 14.4, all revenue and expenses arising from the operation of ~~your~~ Franchisee's Center for the period during which ~~we~~ Franchisor operate ~~your~~ Franchisee's Center will be deemed to be ~~our~~ Franchisor's revenue and expenses, and ~~you~~ Franchisee will not be entitled to any such revenue or liable for the expenses of operating the Center during such period. If ~~we~~ Franchisor exercises ~~our~~ Franchisor's rights under this Section, then ~~we~~ Franchisor may, but are not required to, use ~~your~~ Franchisee's employees or designate ~~our~~ Franchisor's own personnel to manage and operate ~~your~~ Franchisee's Center.

During the period in which ~~we or our~~ Franchisor or Franchisor's designee operates ~~your~~ Franchisee's Center under this Section, ~~you~~ Franchisee will cooperate with ~~us~~ Franchisor and ~~our~~ Franchisor's designees to support the operation of ~~your~~ Franchisee's Center in compliance with all the System Standards, including making available any and all books, records, and accounts. ~~You~~ Franchisee agrees that ~~we or our~~ Franchisor or Franchisor's designee will have the sole right to collect all revenue, in whatever form, from the operation of the Center and to use such revenue to pay expenses associated with the operation of ~~your~~ Franchisee's Center (including payment of any fees and other amounts owed to ~~us~~ Franchisor and ~~our~~ Franchisor's Affiliates), and will be accounted for separately from ~~our~~ Franchisor's other revenue and expenses.

~~You~~ Franchisee agrees that ~~we or our~~ Franchisor or Franchisor's designee need exercise only a reasonable degree of care in operating ~~your~~ Franchisee's Center and are under no duty to take extraordinary measures or, in any way, fund the operations to ensure ~~your~~ Franchisee's Center's success or continued operations during or after such period. ~~You~~ Franchisee agrees that ~~you~~ Franchisee will continue to bear sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under ~~your~~ Franchisee's Center's Lease and all obligations to ~~your~~ Franchisee's vendors and employees and contractors, unless and until ~~we~~ Franchisor expressly assume them in connection with the purchase of ~~your~~ Franchisee's Center under ~~Section 16.B~~ Section 15.2 below. ~~We~~ Franchisor may elect to cease such interim operations of ~~your~~ Franchisee's Center at any time on notice to ~~you~~. ~~We~~ Franchisee. Franchisor will not be liable to ~~you or your~~ Franchisee or Franchisee's owners for any debts, losses, or obligations ~~your~~ Franchisee's Center incurs, or to any of ~~your~~ Franchisee's creditors.

~~Our~~ Franchisor's decision to operate ~~your~~ Franchisee's Center on an interim basis will not affect ~~our~~ Franchisor's right to terminate the Agreement under ~~Section 15.B~~ above. ~~Your~~ Section 14.2 above. Franchisee's indemnification obligations set forth under ~~Section 17.C~~ Section 16.3 will continue to apply during any period that ~~we or our~~ Franchisor or Franchisor's designee operate ~~your~~ Franchisee's Center.

~~We~~ Franchisor may freely assign any part of ~~our~~ Franchisor's rights under this Section to a third (3rd) party.

~~16.~~ XV. RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION.

~~A. YOUR OBLIGATIONS.~~

15.1 Franchisee's Obligations. On expiration or termination of the Agreement, ~~you~~Franchisee and, as applicable, ~~your~~Franchisee's Owners, and all such other persons or entities who are bound under the terms of the Agreement must immediately do the following:

15.1.1 ~~(1)~~ pay ~~us~~Franchisor and ~~our~~Franchisor's Affiliates all amounts which are then owed and unpaid;

15.1.2 ~~(2)~~ unless permitted under other franchise agreements with ~~us~~Franchisor, cease:

15.1.2.1 ~~a.~~ operating ~~your~~Franchisee's Center or selling any products and services previously offered by ~~your~~Franchisee's Center unless ~~we~~Franchisor directs ~~you~~Franchisee otherwise in connection with ~~our~~Franchisor's exercise of ~~our~~Franchisor's option to purchase pursuant to ~~Section 16.B~~Section 15.2 below;

15.1.2.2 ~~b.~~ using, for any purpose, any Confidential Information or Marks or any colorable imitation of a Mark;

15.1.2.3 ~~e.~~ identifying ~~yourself~~ or ~~your~~Franchisee or Franchisee's business as having or having had any relationship with ~~us~~Franchisor or ~~Next~~NextHealth Centers,

15.1.2.4 ~~d.~~ using any Contact Identifiers or Online Presence, and, at ~~our~~Franchisor's direction, either disable such Contact Identifiers or Online Presence or transfer exclusive control and access of such Contact Identifiers or Online Presence to ~~us~~ or ~~our~~Franchisor or Franchisor's designee;

15.1.2.5 ~~e.~~ interfering or attempting to interfere with ~~our~~ or ~~our~~Franchisor's or Franchisor's Affiliates' relationships with any vendors, franchisees or consultants or engaging in any other activity which might injure the goodwill of the Marks or the System;

15.1.3 ~~(3)~~ take all action necessary to cancel or assign all fictitious or assumed name or equivalent registrations relating to ~~your~~Franchisee's use of any Mark;

15.1.4 ~~(4)~~ return to ~~us~~Franchisor or, at ~~our~~Franchisor's direction, destroy all items, forms and materials containing any Confidential Information or Mark;

15.1.5 ~~(5)~~ if ~~we~~ do if Franchisor does not exercise ~~our~~Franchisor's option to purchase ~~your~~Franchisee's Center under ~~Section 16.B~~Section 15.2 below, make the alterations ~~we~~Franchisor specifies to distinguish the Premises clearly from its former appearance and from other ~~Next~~NextHealth Centers, including by removing all materials bearing the Marks and removing from both the interior and exterior of the Premises all materials and components of ~~our~~Franchisor's trade dress as ~~we~~Franchisor determine to be necessary in order to prevent public confusion and in order to comply with the non-competition provisions set forth in paragraph ~~(7)~~15.1.7 below;

15.1.6 ~~(6)~~ comply with all other System Standards and applicable laws in connection with the closure and de-identification of your Franchisee's Center, including as it relates to disposing of Personal Information, in any form, in your Franchisee's possession or the possession of any of your Franchisee's employees; and

15.1.7 ~~(7)~~ subject to the applicable laws, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this ~~paragraph (7)~~ Section 15.1.7 begin to comply with their obligations hereunder, whichever is later, neither you Franchisee nor any of your Franchisee's Owners, General Manager, and your Franchisee's and their immediate family members will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating (i) at the Premises, (ii) within a ten (10) mile radius of the Premises; or (iii) within a ten (10) mile radius of any other Next Next Health Center in operation or under construction on the later of the effective date of the termination or expiration of the Agreement or the date on which all persons restricted by this ~~paragraph (7)~~ Section 15.1.7 begin to comply with such obligations.

Within ten (10) days after the expiration or termination of the Agreement, you Franchisee must give us Franchisor evidence satisfactory to us of your Franchisor of Franchisee's compliance with these obligations. If you Franchisee fails to take any of the actions or refrain from taking any of the actions described above, we Franchisor may take whatever action and sign whatever documents we Franchisor deem appropriate on your Franchisee's behalf to cure the deficiencies, including, without liability to you Franchisee or third (3rd) parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Franchisee's Center. You Franchisee must reimburse us Franchisor for all costs and expenses we Franchisor incur in correcting any such deficiencies. If any person restricted by Section 16.A(7) Section 15.1.7 above refuses voluntarily to comply with those obligations, the ~~two-year~~ two (2) year period for that person will commence with the entry of a court order enforcing that provision. You Franchisee and your Franchisee's Owners expressly acknowledges that you Franchisee possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our Franchisor's enforcing the covenants made in this Section 16.A(7) Section 15.1.7 will not deprive you of your Franchisee of Franchisee's personal goodwill or ability to earn a living.

B. OUR 15.2 Franchisor's Right to Purchase YOUR Franchisee's Center.

In addition to any other rights to purchase we Franchisor have under these Terms, we have Franchisor has the right to purchase your Franchisee's Center (the "**Purchase Option**") on the expiration or termination of the Agreement. We Franchisor will have thirty (30) days after expiration or termination to exercise the Purchase Option by written notice to you. We have Franchisee. Franchisor has the unrestricted right to assign the Purchase Option in our Franchisor's discretion. The purchase price for your Franchisee's Center will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting (not the value of your Franchisee's Center as a going concern) ("**Liquidation Value**"). If you Franchisee disputes our Franchisor's calculation of the Liquidation Value, we Franchisor will appoint one independent accredited appraiser, within fifteen (15) days after we Franchisor receive all relevant financial and other information necessary to calculate the Liquidation Value, who will calculate the Liquidation Value based on the criteria above. You Franchisee and we Franchisor will share equally the appraiser's fees and expenses. The appraiser must complete its calculation within thirty (30) days after its appointment. The appraiser's calculation of the Liquidation Value will be the

purchase price. Closing of the purchase will take place, as described below, on a date ~~we~~Franchisor select which is within ninety (90) days after determination of the Liquidation Value.

~~You~~Franchisee agrees that, if ~~we~~Franchisor requires that ~~you~~Franchisee continue to operate ~~your~~Franchisee's Center while ~~we~~Franchisor considers exercising ~~our~~Franchisor's Purchase Option or close on the purchase, ~~you~~Franchisee will do so in accordance with these Terms up to the closing or until ~~we~~Franchisor direct that ~~you~~Franchisee cease doing so. ~~You~~Franchisee agrees to cooperate with ~~us~~Franchisor in conducting due diligence, including providing ~~us~~Franchisor with access to ~~your~~Franchisee's business and financial records, contracts and all other information relevant to ~~your~~Franchisee's Center. At the closing, ~~we~~Franchisor (or ~~our~~Franchisor's assignee) will pay the purchase price in cash. ~~You~~Franchisee agree to execute and deliver to ~~us~~Franchisor (or ~~our~~Franchisor's assignee):

15.2.1 ~~(1)~~ all customary agreements, in form and substance acceptable to ~~us~~Franchisor and in which ~~you~~Franchisee (i) provides all customary warranties and representations, including as to ownership and condition of and title to assets, no liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise; (ii) transfers good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to ~~us~~Franchisor), with all sales and other transfer taxes paid by ~~you~~Franchisee; (iii) and assigns the Lease and all of the licenses and permits for ~~your~~Franchisee's Center which are permitted to be assigned or transferred; and

15.2.2 ~~(2)~~ an agreement, in form and substance satisfactory to ~~us~~Franchisor, voluntarily terminating the Agreement under which ~~you~~Franchisee and ~~your~~Franchisee's Owners release, in form and substance satisfactory to ~~us~~Franchisor, any and all claims ~~you~~Franchisee and ~~your~~Franchisee's Owners have against ~~us~~ and ~~our~~Franchisor and ~~Franchisor's~~ shareholders, officers, directors, employees, agents, successors, and assigns and agree to comply with all post-term obligations set forth in ~~Sections 16.A~~ Section 15.1 above and with all other obligations which, either expressly or by their nature, are intended to survive termination or expiration of the Agreement.

~~C~~-15.3 Lost Revenue Damages.

If ~~we~~Franchisor terminates the Agreement because of ~~your~~Franchisee's breach or if ~~you~~Franchisee terminate the Agreement without cause, ~~you~~Franchisee and ~~we~~Franchisor agree that it would be difficult, if not impossible, to determine the amount of damages that ~~we~~Franchisor would suffer due to the loss or interruption of the revenue stream ~~we~~Franchisor otherwise would have derived from ~~your~~Franchisee's continued payment of Royalties through the remainder of the Term. Therefore, ~~you~~Franchisee and ~~we~~Franchisor agree that a reasonable estimate of such damages, less any cost savings ~~we~~Franchisor might have experienced (the "**Lost Revenue Damages**"), is an amount equal to the net present value of the Royalties that would have become due had the Agreement not been terminated, from the date of termination to the earlier of: (1) thirty-six (36) months following the date of termination, or (2) the originally scheduled expiration of the Term (the "**Measurement Period**"). For the purposes of this Section, Lost Revenue Damages shall be calculated as follows: (1) the number of calendar months in the Measurement Period, multiplied by (2) the Royalty fee percentage, multiplied by (3) the highest monthly Gross Sales of ~~your~~Franchisee's Center during the thirty-six (36) full calendar months immediately preceding the termination date (or, if the termination is based on ~~your~~Franchisee's unapproved closure of ~~your~~Franchisee's Center, the thirty-six (36) full calendar months immediately preceding the closure date); provided, that if as of the termination date (or the closure date in light of the foregoing), ~~your~~Franchisee's Center has not been operating for at least thirty-six (36) months, the highest average monthly

Gross Sales of all ~~Next~~ NextHealth Centers operating under the Marks during the thirty-six (36) months immediately preceding the termination date.

~~You~~Franchisee agrees to pay ~~us~~Franchisor Lost Revenue Damages, as calculated in accordance with this Section, within fifteen (15) days after the Agreement is terminated, or on any later date that ~~we~~Franchisor determine. ~~You~~Franchisee and ~~we~~Franchisor agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit ~~us~~Franchisor from proving and recovering any other damages caused by ~~your~~Franchisee's breach of the Agreement.

~~D-15.4~~ Continuing Obligations.

All provisions of these Terms and ~~your~~Franchisee's Owners' obligations that expressly or by their nature survive the Agreement's expiration or termination (including all obligations relating to non-disparagement, non-competition, non-interference, confidentiality, Personal Information, and indemnification) will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until all obligations are satisfied in full or by their nature expire.

~~17-~~XVI. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION:

~~A-16.1~~ Independent Contractors.

The Agreement does not create a fiduciary relationship between ~~you~~Franchisee and ~~us~~Franchisor. ~~Franchisee~~ and ~~we~~Franchisor are and will be independent contractors, and nothing in the Agreement is intended to make either ~~you~~Franchisee or ~~us~~Franchisor a general or special agent, joint venturer, partner, or employee of the other for any purpose. ~~You~~Franchisee agrees to identify ~~yourself~~Franchisee conspicuously in all dealings with clients, vendors, public officials, ~~your~~Franchisee's personnel, and others as the owner of ~~your~~Franchisee's Center under a franchise ~~we have~~Franchisor has granted and to place notices of independent ownership on the business cards, advertising, and other materials ~~we~~Franchisor periodically require.

~~You~~Franchisee will have a contractual relationship only with ~~us~~Franchisor and will look only to ~~us~~Franchisor to perform under the Agreement. None of ~~our~~Franchisor's Affiliates is a party to the Agreement and has no obligations under it. However, ~~you~~Franchisee and ~~we~~Franchisor agree that ~~our~~Franchisor's Affiliate who is the owner of the Marks is a ~~third-party~~third (3rd) party beneficiary of those provisions in these Terms relating to use of the Marks, with the independent right to enforce such provisions against ~~you~~Franchisee and to seek damages from ~~you~~Franchisee for ~~your~~Franchisee's failure to comply with those provisions.

~~B-16.2~~ No Liability To Or for Acts of Other Party.

~~Franchisor We~~ and ~~you~~Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that ~~our~~Franchisor's respective relationship is other than franchisor and franchisee. ~~We~~Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of ~~your~~Franchisee's Center or the business ~~you~~Franchisee conducts under the Agreement. ~~We~~Franchisor will have no liability for ~~your~~Franchisee's obligations to pay any third (3rd) parties, including any product vendors. ~~We~~Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon ~~you or your~~Franchisee or Franchisee's Center, due to the business ~~you~~Franchisee conducts (except for ~~our~~Franchisor's income taxes). ~~You are~~Franchisee is responsible for paying these taxes and must reimburse ~~us~~Franchisor for any such taxes that ~~we~~Franchisor must pay to any state taxing authority on account of ~~your~~Franchisee's operation or payments that ~~you~~Franchisee make to ~~us~~Franchisor.

C. INDEMNIFICATION:

~~You~~16.3 Indemnification. Franchisee agrees to indemnify, defend, and hold ~~us, our~~Franchisor, Franchisor's Affiliates, and ~~our~~Franchisor's and their respective owners, directors, managers, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) harmless against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the development, management, or operation of ~~your~~Franchisee's Center, the business ~~you~~Franchisee conducts under the Agreement, or ~~your~~Franchisee's breach of the Agreement or Management Agreement, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, “**eClaims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at ~~your~~Franchisee's expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third (3rd) party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against ~~you~~Franchisee under this subparagraph. ~~You~~Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from ~~you~~Franchisee under this subparagraph.

~~18-~~XVII. **ENFORCEMENT:**

A. ARBITRATION:

17.1 Arbitration. All controversies, disputes, or claims between ~~us~~Franchisor or any of ~~our~~Franchisor's Affiliates (and ~~our~~Franchisor's and their respective shareholders, officers, directors, agents, and employees), on the one hand, and ~~you~~Franchisee (and ~~your~~Franchisee's Owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) the Agreement or any other agreement between ~~you~~Franchisee (or any of ~~your~~Franchisee's Owners) and ~~us~~Franchisor (or any of ~~our~~Franchisor's Affiliates); (2) ~~our~~Franchisor's relationship with ~~you~~Franchisee; (3) the scope or validity of the Agreement or any other agreement between ~~you~~Franchisee (or any of ~~your~~Franchisee's Owners) and ~~us~~Franchisor (or any of ~~our~~Franchisor's Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which ~~we~~Franchisor and ~~you~~Franchisee acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the “AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within fifty (50) miles of ~~our (or our~~Franchisor's (or Franchisor's successor's or assign's, as applicable) then-current principal place of business (currently, West Hollywood, CaliforniaCA). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his-~~or~~/her awards any relief which he-~~or~~/she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by ~~us or our~~Franchisor or Franchisor's Affiliates generic or otherwise invalid; or award any punitive or exemplary damages against any party to the arbitration proceeding (~~we~~Franchisor and ~~you~~Franchisee hereby waiving to the

fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this Section, and in any action in which a party seeks to enforce compliance with this Section, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

If any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreement.

In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain ~~third-party~~^{third (3rd)} party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement. Any provisions of the Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

~~B-~~17.2 Consent to Jurisdiction.

Subject to ~~Section 18.A~~^{Section 17.1} above and the provisions below, ~~we~~^{you}Franchisor and ~~you~~^{us}Franchisee agrees that all controversies, disputes, or claims between ~~us~~^{you}Franchisor or any of ~~our~~^{your}Franchisor's Affiliates (and ~~our~~^{your}Franchisor's and their respective shareholders, officers, directors, agents, and employees), on the one hand, and ~~you~~^{us}Franchisee (and ~~your~~^{our}Franchisee's owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to the Agreement or any other agreement between ~~you~~^{us}Franchisee (or any of ~~your~~^{our}Franchisee's owners) and ~~us~~^{you}Franchisor (or any of ~~our~~^{your}Franchisor's Affiliates) or ~~our~~^{your}Franchisor's relationship with ~~you~~^{us}Franchisee must be commenced exclusively in state or federal court closest to ~~our~~^{your}Franchisee's (or Franchisor's successor's or assign's, as applicable) then-current principal place of business (currently, West Hollywood, ~~California~~^{CA}), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of ~~us~~^{you}Franchisor may enforce any arbitration orders and awards in the courts of the state or states in which ~~you~~^{us}Franchisee are or ~~your~~^{our}Franchisee's Center is located.

~~C-~~17.3 Governing Law.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946

(Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, the agreement (or any other agreement between usFranchisor (or ~~ourFranchisor's~~ Affiliates) and ~~you (or yourFranchisee (or Franchisee's~~ Affiliates)), the Franchise, the Management Agreement, and all claims arising from the relationship between ~~us (or yourFranchisor (or Franchisee's~~ Affiliates) and ~~you (or yourFranchisee (or Franchisee's~~ Affiliates) will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this sSection.

~~D-17.4~~ Waiver of Punitive Damages, Class Action Bar, ~~AND~~ Jury Trial.

Except for yourFranchisee's obligation to indemnify ~~us under Section 17.C, we and you (and yourFranchisor under Section 16.3, Franchisor and Franchisee (and Franchisee's~~ Owners) waives to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between usFranchisor and yourFranchisee, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

~~WEFRANCHISOR~~ AND ~~YOUFRANCHISEE~~ AGREE THAT ALL PROCEEDINGS, WHETHER SUBMITTED TO ARBITRATION UNDER ~~SECTION 18.A~~ SECTION 17.1 ABOVE OR SUBMITTED TO A COURT, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT NO PROCEEDING BETWEEN USFRANCHISOR AND ANY OF ~~OURFRANCHISOR'S~~ AFFILIATES, OR ~~OURFRANCHISOR'S~~ AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOUFRANCHISEE (OR YOURFRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED ~~THIRD-PARTY~~ THIRD (3rd) PARTY, OR (IV) BROUGHT ON YOURFRANCHISEE'S BEHALF BY ANY ASSOCIATION OR AGENT.

~~WEFRANCHISOR~~ AND ~~YOUFRANCHISEE~~ IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF USFRANCHISOR.

~~E-17.5~~ Injunctive Relief.

Nothing in the Agreement, including the provisions of ~~Section 18.A~~ Section 17.1, bars ~~ourFranchisor's~~ right to obtain specific performance of the provisions of the Agreement and injunctive or other equitable relief against threatened conduct that will cause usFranchisor, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. ~~You~~ Franchisee agree that ~~weFranchisor~~ may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. ~~You~~ Franchisee agrees that ~~weFranchisor~~ will not be required to post a bond to obtain injunctive relief and that yourFranchisee's only remedy if an injunction is entered against yourFranchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

~~F-17.6~~ Costs ~~AND~~ Attorneys' Fees.

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

G-17.7 Limitations of Claims.

Except for claims arising from ~~your~~Franchisee's non-payment or underpayment of amounts ~~you~~Franchisee owes ~~us or our~~Franchisor or Franchisor's Affiliates, any and all claims arising out of or relating to the Agreement (or any other agreement between ~~us~~Franchisor and ~~our~~Franchisor's Affiliates, and ~~you and your~~Franchisee and Franchisee's Affiliates), the Franchise, and all claims arising from the relationship between ~~us~~Franchisor and ~~you~~Franchisee will be barred unless a judicial or arbitration proceeding is commenced in accordance with these Terms within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of the Agreement. No implied covenant of good faith and fair dealing shall be used to alter the expressed terms of the Agreement.

~~19-~~XVIII. MISCELLANEOUS:

~~A-~~18.1 Security Interest.

Franchisee ~~You~~ hereby collaterally assigns to ~~us~~Franchisor the Lease and grants ~~us~~Franchisor a security interest in all of the Operating Assets and all other assets of ~~your~~Franchisee's Center, including but not limited to inventory, accounts, supplies, contracts, cash derived from the operation of ~~your~~Franchisee's Center and sale of other assets, and proceeds and products of all those assets. ~~You~~Franchisee agrees to execute such other documents as ~~we~~Franchisor may reasonably request in order to further document, perfect and record ~~our~~Franchisor's security interest. If ~~you~~Franchisee defaults in any of ~~your~~Franchisee's obligations under the Agreement, ~~we~~Franchisor may exercise all rights of a secured creditor granted to ~~us~~Franchisor by law, in addition to ~~our~~Franchisor's other rights under the Agreement and at law. If an approved ~~third-party~~third (3rd) party lender requires that ~~we~~Franchisor subordinates ~~our~~Franchisor's security interest in the assets of ~~your~~Franchisee's Center as a condition to lending ~~you~~Franchisee working capital for the construction or operation of ~~your~~Franchisee's Center, ~~we~~Franchisor will agree to subordinate pursuant to terms and conditions determined by ~~us~~Franchisor. The Agreement shall be deemed to be a security agreement and financing statement and may be filed for record as such in the records of any county and state that ~~we~~Franchisor deem appropriate to protect ~~our~~Franchisor's interests.

~~B-~~18.2 Binding Effect.

The Agreement is binding on each of ~~us~~Franchisor and ~~our~~Franchisor's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to ~~our~~Franchisor's right to modify the Operations Manual and System Standards, the Agreement may only be modified by a written agreement signed by each of ~~us~~Franchisor.

~~C-~~18.3 Rights of Parties are Cumulative.

Franchisor's ~~Our~~ and ~~your~~Franchisee's rights under the Agreement are cumulative, and ~~our or your~~Franchisor's or Franchisee's exercise or enforcement of any right or remedy under the Agreement will not preclude ~~our or your~~Franchisor's or Franchisee's exercise or enforcement of any other right or remedy which ~~we~~Franchisor or ~~you~~Franchisee are entitled by law to enforce.

D-18.4 Severability AND Substitution of Valid Provisions.

Except as expressly provided to the contrary in the Agreement, each section, paragraph, term, and provision of the Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of the Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, ~~you~~Franchisee and ~~we~~Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than the Agreement requires of the Agreement's termination or of ~~our~~Franchisor's refusal to enter into a successor franchise agreement, or some other action that the Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of the Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of the Agreement, and ~~we~~Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. ~~You~~Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of the Agreement, as though it were separately articulated in and made a part of the Agreement.

E-18.5 Waiver of Obligations.

~~Franchisor We~~ and ~~you~~Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under the Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights ~~we or you have~~Franchisor or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

~~We~~Franchisor and ~~you~~Franchisee will not be deemed to have waived or impaired any right, power, or option the Agreement reserves (including ~~our~~Franchisor's right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate the Agreement before its term expires) because of any custom or practice at variance with the Agreement's terms; ~~our or your~~Franchisor's or Franchisee's failure, refusal, or neglect to exercise any right under the Agreement or to insist upon the other's compliance with the Agreement, including any System Standard; ~~our~~Franchisor's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Next NextHealth Centers; the existence of franchise agreements for other Next NextHealth Centers which contain provisions different from those contained in the Agreement; or ~~our~~Franchisor's acceptance of any payments due from ~~you~~Franchisee after any breach of the Agreement. No special or restrictive legend or endorsement on any check or similar item given to ~~us~~Franchisor will be a waiver, compromise, settlement, or accord and satisfaction. ~~We~~Franchisor are authorized to remove any legend or endorsement, which then will have no effect.

F. THE EXERCISE OF OUR JUDGMENT.

~~We have~~18.6 The Exercise of Franchisor's Judgment. Franchisor has the right to operate, develop, and change the System in any manner that is not specifically prohibited by the Agreement. Whenever ~~we~~Franchisor has reserved in the Agreement a right to take or to withhold an action, to grant or decline to grant ~~you~~Franchisee a right to take or withhold an action, or to provide or withhold approval or consent,

~~we~~Franchisor may, except as otherwise specifically provided in the Agreement, make ~~our~~Franchisor's decision or exercise ~~our~~Franchisor's rights in ~~our~~Franchisor's sole and unfettered discretion.

G. CONSTRUCTION:

18.7 Construction. The preambles and exhibits are a part of these Terms, which together with ~~in the attached Data Sheet~~Appendix I, constitute ~~our and your~~Franchisor's and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between ~~us~~Franchisor and ~~you~~Franchisee, or oral or written representations by ~~us~~Franchisor, relating to the subject matter of the Agreement, the franchise relationship, or ~~your~~Franchisee's Center (any understandings or agreements reached, or any representations made, before the Agreement are superseded by the Agreement). Any policies that ~~we~~Franchisor periodically adopts and implements to guide ~~us in our~~Franchisor in Franchisor's decision-making are subject to change, are not a part of the Agreement, and are not binding on ~~us~~Franchisor. Except as provided in ~~Section 17.C~~Section 17.3, nothing in the Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to the Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations ~~we~~Franchisor made in the franchise disclosure document.

Except where the Agreement expressly obligates ~~us~~Franchisor reasonably to approve or not unreasonably to withhold ~~our~~Franchisor's approval of any of ~~your~~Franchisee's actions or requests, ~~we~~Franchisor have the absolute right to refuse any request ~~you~~Franchisee make or to withhold ~~our~~Franchisor's approval of any of ~~your~~Franchisee's proposed, initiated, or completed actions that require ~~our~~Franchisor's approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in these Terms to the "Agreement" mean these Terms and ~~the attached Data Sheet in Appendix I~~, together. The term "Affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling ~~you~~Franchisee or ~~us~~Franchisor. "Control" means the power to direct or cause the direction of management and policies. "Including" means "including, without limitation."

If two (2) or more persons are at any time the owners of the Franchise and ~~your~~Franchisee's Center, whether as partners or joint venturers, their obligations and liabilities to ~~us~~Franchisor will be joint and several. References to "Owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in ~~you~~Franchisee (or a transferee of the Agreement and ~~your~~Franchisee's Center or an ownership interest in ~~you~~Franchisee), including any person who has a direct or indirect interest in ~~you~~Franchisee (or a transferee), the Agreement, the Franchise, or ~~your~~Franchisee's Center and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a "controlling interest" means the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term "Center" includes all of the assets of the ~~Next~~ NextHealth Center ~~you~~Franchisee operate under the Agreement, including its revenue and the Lease.

The following provision applies if ~~you~~Franchisee or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable

state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

H-18.8 Notices ~~AND~~ Payments.

All written notices, reports, and payments permitted or required to be delivered by the Agreement or the Operations Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of the Royalty, Brand Fund Contributions, and other amounts due, at the time ~~we~~Franchisor actually receives electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Any notice must be sent to ~~you~~Franchisee at the mailing address or email address shown ~~on the attached Data Sheet in Appendix I~~ and to ~~us~~Franchisor at the address shown in the opening paragraph of these Terms, attention: ~~President~~Legal, or to the most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to ~~you~~Franchisee at the address of the Premises.

I-18.9 No Recourse Against Non-Party A~~F~~ffiliates.

~~. Franchisee agrees~~ ~~You agree~~ that ~~you~~Franchisee will look only to ~~us~~Franchisor to perform under the Agreement. ~~Our~~ Franchisor's Affiliates are not parties to the Agreement and have no obligations under it. ~~You~~ Franchisee may not look to ~~our~~Franchisor's Affiliates for performance. ~~You~~ Franchisee agrees that ~~we~~Franchisor and ~~our~~Franchisor's Affiliates' members, managers, owners, directors, officers, employees, and agents shall not be personally liable or named as a party in any action between ~~us~~Franchisor and ~~our~~Franchisor's Affiliates, on the one hand, and ~~you or your~~Franchisee or Franchisee's Affiliates or ~~your~~Franchisee's/their respective owners, on the other hand.

J-18.10 Counterparts; Copies.

The Agreement may be executed in multiple counterparts which, taken together, shall constitute a single instrument. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

~~K. SAFETY.~~

~~We~~18.11 Safety. Franchisor will not be required to send any of ~~our~~Franchisor's representatives to ~~your~~Franchisee's Center to provide any assistance or services if, in ~~our~~Franchisor's sole determination, it is unsafe to do so. Such determination by ~~us~~Franchisor will not relieve ~~you from your~~Franchisee from ~~Franchisee's~~ obligations under the Agreement (including to pay monies owed) and will not serve as a basis for ~~your~~Franchisee's termination of the Agreement.

~~[Signature page follows]~~

~~{Signature page to Franchise Agreement Terms}~~

~~IN WITNESS WHEREOF~~IN WITNESS WHEREOF, the parties have executed and delivered the Agreement on the dates noted below, to be effective as of the Effective Date.

~~NEXT HEALTH FRANCHISING LLC, a
Delaware limited liability company~~

~~FRANCHISEE:~~

~~_____~~
~~_____~~
~~{Name}~~

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

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

ATTACHMENT A
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

~~THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a “Guarantor”) to be effective as of the Effective Date of the Agreement (defined below).~~

~~In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the “Agreement”) on this date by NEXT HEALTH FRANCHISING LLC, a Delaware limited liability company (“us”) each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.~~

~~Each Guarantor consents and agrees that: (1) Guarantor’s direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including 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 during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor’s ability to satisfy the financial obligations of Franchisee under the Agreement.~~

~~Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchisee arising as a result of the Guarantor’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor’s undertakings under this Guaranty, notice of demand for payment of any indebtedness or non performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.~~

~~Each Guarantor represents and warrants that, if no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.~~

~~The provisions contained in Section 18 (Enforcement) of the Agreement, including Section 18.A (Arbitration), Section 18.B (Consent to Jurisdiction) and Section 18.F (Costs and Attorneys’ Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.~~

~~By signing below, the undersigned non-owner spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor’s performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including to bind the spouse’s own separate property).~~

~~Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its Affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.~~

~~This Guaranty is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.~~

~~IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.~~

DEVELOPER (IF DIFFERENT THAN FRANCHISEE)
Name: _____
By: _____
Title: _____

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____	Name: _____ Sign: _____ Address: _____ _____
Name: _____ Sign: _____ Address: _____ _____	Name: _____ Sign: _____ Address: _____ _____

ATTACHMENT B
TO FRANCHISE AGREEMENT
REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

~~DO NOT SIGN THIS STATEMENT IF YOU OR THE FRANCHISE GRANTED HEREBY ARE SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS IN CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.~~

~~The purpose of this Statement is to demonstrate to NEXT HEALTH FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”); whether acting individually or on behalf of any legal entity established to acquire the development and/or franchise rights (“Franchisee”), (a) fully understands that the purchase of a NextHealth Center franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) with which you were provided prior to signing the Agreement in deciding to purchase the franchise.~~

~~In that regard, I represent to Franchisor and acknowledge that:~~

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I acknowledge that I have had the opportunity to personally and carefully review the FDD and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>
<p>My decision to purchase the Franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>

~~PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.~~

~~INITIAL:~~

~~Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD?~~

~~Yes No (Initial Here: _____)~~

~~If you selected "Yes," please describe the information you received on the lines below:~~

~~_____

_____~~

~~**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:~~

- ~~1. the U.S. Treasury Department's List of Specially Designated Nationals;~~
- ~~2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;~~
- ~~3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or~~
- ~~4. the Annex to U.S. Executive Order 13224.~~

~~I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.~~

~~I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any anti-terrorism law.~~

Sign: FRANCHISOR

FRANCHISEE

Attachment B—2

~~Name~~ By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC
Capacity: ~~Individually, and for and on behalf of~~

By: <<Name>>
<<Position>> of
<<TBD>>

By: <<Name>>
<<Position>> of
<<TBD>>

APPENDIX I
—[FRANCHISEE Name] SPECIFIC TERMS

The following includes items that are specific to this Franchise Agreement and will be completed when the Franchise Agreement is provided for signature

<u>FA SECTION</u>	<u>ITEM</u>	<u>DESCRIPTION</u>
<u>Preamble</u>	<u>Franchise Agreement Effective Date</u>	
<u>Preamble</u>	<u>Franchisor</u>	<u>Next Health Franchising, LLC</u>
	<u>Type of entity & place of organization</u>	<u>A Delaware limited liability company</u>
	<u>Franchisor Address</u>	<u>8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069</u>
<u>Preamble</u>	<u>Franchisee</u>	<u><<TBD>> dba Next Health</u>
	<u>Type of entity & place of organization</u>	<u><<a/an>> <<State>> <<corporation / limited liability company>></u>
	<u>Franchisee Address</u>	<u><<Address>></u>
<u>Recitals</u>	<u>Ownership of Franchise</u>	<u>If the franchisee is an Entity (as defined in the Agreement), the following persons constitutes all of the owners of a legal and/or beneficial interest in the franchisee:</u> <u><<Owner>> <<%>> _____ May Provide Medical Services</u> <u><<Address>> <<Type of Ownership>></u> <u><<Owner>> <<%>> _____ May Provide Medical Services</u> <u><<Address>> <<Type of Ownership>></u> <u><<Owner>> <<%>> _____ May Provide Medical Services</u> <u><<Address>> <<Type of Ownership>></u>
<u>Recitals</u>	<u>Principal Operator</u>	<u><<Name>></u> <u><<Address>></u> <u><<Phone Number>></u> <u><<Email>></u>
<u>Recitals</u>	<u>Primary Contact</u>	<u><<Name>></u> <u><<Address>></u> <u><<Phone Number>></u> <u><<Email>></u>
<u>Article 1.1</u>	<u>Territory Description</u>	<u>In the State of <<State>></u> <u>The Site Selection Area will be located in the area known as:</u> <u><<Site Selection Area>></u> <u>excluding any prior existing Franchisees' territories, which will be more specifically defined after lease signing, to encompass a three (3) mile radius, with the following considerations: geographical boundaries, cultural demographics, household income, population count, age, traffic/trip count, daytime population, competition, housing density and permit and zoning regulations.</u>

<u>FA SECTION</u>	<u>ITEM</u>	<u>DESCRIPTION</u>														
		<p>If the Site Selection Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.</p> <p>Areas with Special Laws or Requirements: To the extent any portion of the territory includes area designated as an Indian Reserve, a governmental entity or other territory which may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee may become qualified under such separate or additional requirements to perform work in such area; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.</p>														
<u>Article 1.1</u>	<u>Location Address</u>	(TBD)														
<u>Article 2.1</u>	<u>Lease Review Fee</u>	\$1,500														
<u>Article 2.3</u>	<u>Architect & General Contractor Review Fee</u>	\$2,000 per vendor														
<u>Article 2.4</u>	<u>Construction Management Fee</u>	\$20,000														
<u>Article 3.1</u>	<u>Initial Franchise Fee</u>	\$80,000														
<u>Article 3.2</u>	<u>Royalty Fee</u>	9% of Gross Sales														
<u>Article 3.4</u>	<u>Relocation Fee</u>	\$15,000														
<u>Article 3.5</u>	<u>Marketing Creative Service Fee</u>	\$75 per hour														
<u>Article 4.1</u>	<u>Initial Training Fee</u>															
	- <u>Nurse Practitioner</u>	\$5,000														
	- <u>Aesthetic RN</u>	\$2,500														
<u>Article 8.1</u>	<u>Initial Required Personnel</u>	<table border="0"> <tr> <td><u>Title</u></td> <td><u>Name</u></td> </tr> <tr> <td><u>Managing Owner</u></td> <td><<TBD>></td> </tr> <tr> <td><u>Medical Service Manager</u></td> <td>(TBD)</td> </tr> <tr> <td><u>Medical Director</u></td> <td>(TBD)</td> </tr> <tr> <td><u>General Manager</u></td> <td>(TBD)</td> </tr> <tr> <td><u>Nurse Practitioner</u></td> <td>(TBD)</td> </tr> <tr> <td><u>Aesthetic RN</u></td> <td>(TBD)</td> </tr> </table>	<u>Title</u>	<u>Name</u>	<u>Managing Owner</u>	<<TBD>>	<u>Medical Service Manager</u>	(TBD)	<u>Medical Director</u>	(TBD)	<u>General Manager</u>	(TBD)	<u>Nurse Practitioner</u>	(TBD)	<u>Aesthetic RN</u>	(TBD)
<u>Title</u>	<u>Name</u>															
<u>Managing Owner</u>	<<TBD>>															
<u>Medical Service Manager</u>	(TBD)															
<u>Medical Director</u>	(TBD)															
<u>General Manager</u>	(TBD)															
<u>Nurse Practitioner</u>	(TBD)															
<u>Aesthetic RN</u>	(TBD)															
<u>Article 8.1.2</u>	<u>Medical Director Fee</u>	\$3,000														
<u>Article 8.3</u>	<u>Technology Fee</u>	\$700 per month														
<u>Article 8.4</u>	<u>Nursing Care Area</u>	<<N/A>> or <<Designated Area>>														
<u>Article 9.2</u>	<u>Brand Fund Contribution</u>	1% of Gross Sales														
<u>Article 9.3</u>	<u>Local Marketing Expenditure</u>	\$3,000														
<u>Article 12.3.13</u>	<u>Transfer Fee</u>	50% of the then-current Initial Franchise Fee														
<u>Article 13.1.6</u>	<u>Successor Fee</u>	50% of the then-current Initial Franchise Fee														
<u>Article 18.8</u>	<u>Notices for Franchisee</u>	All Notices for Franchisee shall be sent to: <<Name>> <<Entity>> <<Address>> <<Email>>														
	<u>Additional Provisions</u>	<<Any addendums or changes to the Agreement will be listed here>>														

By signing below, Franchisee represents and warrants to Franchisor that the information contained in this Franchisee Specific Terms is true and correct and acceptable to Franchisee. The parties, intending to be legally bound, accept and agree that this Franchisee Specific Terms and the accompanying Franchise Agreement Terms (together, the “Agreement”) describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set

forth therein.

Sign: FRANCHISOR

FRANCHISEE

Name: _____

Capacity: Individually, and for and on behalf of
—[Franchisee Name]

Sign: _____

Name By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Name>>
<<Position>> of
<<TBD>>

Capacity: Individually, and for and on behalf of
—[Franchisee Name]

By: <<Name>>
<<Position>> of
<<TBD>>

ATTACHMENT C
TO FRANCHISE AGREEMENT
BUSINESS ASSOCIATE AGREEMENT

APPENDIX II
PAYMENT & PERFORMANCE GUARANTEE

In order to induce Next Health Franchising, LLC. (“**Franchisor**”) to enter into a Next Health Franchise Agreement (the “**Franchise Agreement**”) by and between Franchisor and <<Franchisee Entity Name>>, the Franchisee named in the Franchise Agreement on the date specified in the preceding Franchise Agreement (the “**Effective Date**”) to which this Payment and Performance Guarantee (the “**Guarantee**”) is attached (“**Franchisee**”), the undersigned (collectively referred to as the “**Guarantors**” and individually referred to as a “**Guarantor**”) hereby covenant and agree as follows:

1. Guarantee of Payment & Performance. The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the “**Guaranteed Liabilities**”). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary and will be enforceable without Franchisor having to proceed first (1st) against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee.

3. Term: No Waiver. This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

4. Other Covenants. Each of the Guarantors agrees to comply with the provisions of Articles 5 (Intellectual Property), 6 (Confidentiality), 16 (Indemnification), 7 (Covenants Not to Compete), and 15 (Post-Term Obligations) of the Franchise Agreement as though each such Guarantor were the “Franchisee” named in the Franchise Agreement and agrees that the undersigned will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

~~Attachment C~~

5. Dispute Resolution. Article 18 (Miscellaneous) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the “Franchisee” referred to in the Franchise Agreement.

6. Miscellaneous. This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first (1st) above written.

FRANCHISOR

GUARANTOR

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Name>>
<<Position>> of
<<TBD>>

By: <<Name>>
<<Position>> of
<<TBD>>

~~Attachment C~~

APPENDIX III
NEXT HEALTH PAYMENT AUTHORIZATION FORMS

<<Entity Name>> dba Next Health <<DBA>> authorizes Next Health Franchising, LLC to charge / debit the account specified below for amounts relating to paying fees, charges and any other amounts owed pursuant to the terms of the Franchise Agreement. These debits are related to the operation of the Franchised Business and the amount of each debit will vary from month to month, to a maximum amount (if any) as set forth in the Franchise Agreement.

<u>ACH AUTHORIZATION BANKING INFORMATION</u>	
<i>Please fill out all the information below accurately and completely.</i>	
<u>Name on Account:</u>	<u>Contact Person:</u>
<u>Address on Account:</u>	<u>Title:</u>
<u>Phone Number:</u>	<u>This is authorization for:</u>
<u>Bank Name:</u>	<input type="checkbox"/> <u>Royalty & Advertising Fees <i>R</i></u>
<u>Bank Address:</u>	<input type="checkbox"/> <u>Local Advertising Fee <i>R</i></u>
<u>Account Number:</u>	<input type="checkbox"/> <u>Initial Franchise Fee</u>
<u>Routing Number:</u>	<input type="checkbox"/> <u>Equipment Package Fee</u>
	<input type="checkbox"/> <u>Training Fees</u>
<u>This account is a:</u> <input type="checkbox"/> <u>Personal Account</u> (updated info provided later, once Entity is established)	<u>Account Type:</u>
<input type="checkbox"/> <u>Entity Business Account</u>	<input type="checkbox"/> <u>Checking</u>
	<input type="checkbox"/> <u>Savings</u>
<u><i>R</i> = Recurring Charges (Monthly or Weekly according to the Franchise Agreement)</u>	

I, <<Principal Operator>>, acknowledge I have the authority to execute this ACH Authorization Form and agree to notify Next Health Franchising, LLC in writing of any changes in account information or termination of this authorization fifteen (15) days prior to the next due date of the charges. In the case of an ACH Transaction being rejected for Non-Sufficient Funds (“NSF”), I understand that Next Health Franchising, LLC may at its discretion attempt to process the charge again within thirty (30) days, and agree to an additional One hundred and 00/100 Dollars (\$100.00) charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment, as stated in the Franchise Agreement. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I understand that cancellations must be made in writing, and I will not dispute merchant recurring billing with my bank so long as the amount corresponds to the terms indicated in the Franchise Agreement.

This authorization is given and shall begin on this day _____.

By: <<Principal Operator>>
<<Title>> of
<<Entity Name>>

NEXT HEALTH
CREDIT CARD AUTHORIZATION FORM

<<Entity Name>> dba Next Health <<DBA>> authorizes Next Health Franchising, LLC to charge / debit the credit card specified below for amounts relating to paying fees, charges and any other amounts owed pursuant to the terms of the Franchise Agreement. These debits are related to the operation of the Franchised Business and the amount of each debit will vary from month to month, to a maximum amount (if any) as set forth in the Franchise Agreement.

<u>CREDIT CARD INFORMATION</u>	
<i>Please fill out all the information below accurately and completely.</i>	
<u>Name on Account:</u>	<u>Contact Person:</u>
<u>Address on Account:</u>	<u>Title:</u>
<u>City, State & Zip:</u>	<u>This is authorization for:</u>
<u>Credit Card Type:</u>	<input type="checkbox"/> <u>Royalty & Advertising Fees R</u>
<u>Card Number:</u>	<input type="checkbox"/> <u>Local Advertising Fee R</u>
<u>Expiration Date:</u>	<input type="checkbox"/> <u>Initial Franchise Fee</u>
<u>CCV Code:</u>	<input type="checkbox"/> <u>Real Estate ACD Package Fee</u>
<u>This account is a:</u>	
<input type="checkbox"/>	<u>Personal Card</u> (updated info provided later, once Entity is established)
<input type="checkbox"/>	<u>Entity Business Card</u>
R = Recurring Charges (Monthly or Weekly according to the Franchise Agreement)	

I, <<Principal Operator>>, acknowledge I have the authority to execute this Credit Card Authorization Form and agree to notify Next Health Franchising, LLC in writing of any changes in account information or termination of this authorization fifteen (15) days prior to the next due date of the charges. I acknowledge that I may incur a credit card processing fee of up to eight percent (8%) of the total transaction for each time my card is processed, depending on the card type utilized. I further acknowledge that the origination of credit card transactions to my account must comply with the provisions of U.S. law. I understand that cancellations must be made in writing, and I will not dispute merchant recurring billing with my bank so long as the amount corresponds to the terms indicated in the Franchise Agreement.

This authorization is given and shall begin on this day _____:

By: _____
<<Principal Operator>>
<<Title>> of
<<Entity Name>>

APPENDIX IV
CLOSING ACKNOWLEDGEMENT

You are preparing to enter into a NEXT HEALTH Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading.

1. Establishment of New Business. The purchase of a NEXT HEALTH Franchise is primarily the purchase of a license to establish and operate a business under the NEXT HEALTH name and trademark. You must operate the Franchise in accordance with our business format. You understand that the operation of a new business involves a number of business risks, which exist in connection with any business.

2. Ability to Operate a NEXT HEALTH Business. The ability to operate a profitable Franchise requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Business.

3. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, community, marketing, digital marketing, social media marketing, and otherwise as we recommend. Your failure to follow our Licensed Methods may have a negative effect on the Business.

4. Additional Funds & Financial Requirements. In our Franchise Disclosure Document (“FDD”), we have disclosed an estimate of the amount of additional funds that you should have available to invest in the Business in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

5. Pricing of Products & Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. If you elect to price products and services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

6. Training & Support. We produce and distribute various training materials, programs, Operating Manuals and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

7. Competition. Each of the services you provide are provided by others and new competitors may appear at any time within your Territory although these competitors are not licensed to use our Licensed Methods or our Marks. It is also possible that another franchisee may be located near or adjacent to your Territory.

8. Taxes, Fees & Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations,

including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (“ADA”), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

9. Complaints & Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

10. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our trade name in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Franchise, and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

11. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of ten (10) years. At the end of the ten (10) years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electronic identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of two (2) years in your Territory.

12. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the FDD provided to you?

Yes No

2. Did you sign a receipt page for the FDD indicating the date you received it?

Yes No

3. Have you received and carefully reviewed the Franchise Agreement, and each exhibit and schedule attached to the Franchise Agreement?

Yes No

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our franchise disclosure document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes No

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a NEXT HEALTH Franchise with an attorney, accountant or other professional advisor?

Yes No

6. Do you understand that the purchase of a NEXT HEALTH Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your NEXT HEALTH Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the Licensed Methods, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes No

7. Do you understand and acknowledge that we cannot guarantee the success of your NEXT HEALTH Franchise or that it will ever achieve profitability?

Yes No

8. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes No

9. Do you understand that any information concerning the revenue, profits, income or costs of a NEXT HEALTH Franchise that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

Yes No

10. If you answered "No" to any of the Questions 1 thru 9, please indicate the number(s) of the questions and provide a further explanation of your answer(s) in the space provided below. If necessary, attach

additional sheets.

Questions Number

Explanation

Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a NEXT HEALTH franchisee is not our representative for the purposes of answering these questions.

11. Other than any statements specifically provided in Item 19 of our Franchise Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a NEXT HEALTH Franchise?

Yes No

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

Yes No

13. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a NEXT HEALTH Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the FDD provided to you?

Yes No

14. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a NEXT HEALTH Franchise?

Yes No

15. If you answered “Yes” to any of the Questions 11 thru 14, please indicate the number(s) of the question(s) and provide a further explanation of your answer(s) in the space provided. If necessary, attach additional sheets.

Questions Number

Explanation

You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise. By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.

DATED _____

FRANCHISEE

By: <<Principal Operator>>
<<Title>> of _____

<<Entity Name>>

APPENDIX V
SECURITY AGREEMENT

~~The parties to this Business Associate Agreement (this Agreement) are~~ THIS SECURITY AGREEMENT is made and entered into as of the dated specified below (the “Effective Date”) by and between Next Health Franchising, LLC and person or entity identified as the “Franchisee” under the Franchise, a Delaware limited liability company, with its principal place of business at 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069 (hereinafter referred to as “Secured Party”); and the party listed below (“Debtor”).

~~AGREEMENT to which this Agreement is attached to. This Agreement controls the Use and Disclosure of all Protected Health Information and Nonpublic Personal Financial Information in a party’s possession or control as a result of the party acting as a Business Associate of a Covered Entity.~~

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a security interest in all Franchise related property, together with all after-acquired property of the same general class and description and the proceeds of all property encumbered hereby (the “Collateral”).

TO SECURE:

A. Payment of sums owed by Debtor to Secured Party in connection with Debtor’s purchase of products and goods from Secured Party;

B. Debtor’s obligations to Secured Party under that or those certain Franchise Agreement(s) between Secured party and Debtor;

C. Debtor’s obligations to Secured Party and its affiliates, under that certain Promissory Note made in favor of Secured Party, if a Promissory Note has been made by Debtor in favor of Secured Party and any obligations under it remain outstanding;

D. Any and all other obligations, indebtedness and liabilities of Debtor to Secured Party, or any subsidiary or affiliate of Secured Party, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising; and

E. Performance of each agreement of Debtor contained herein.

DEBTOR WARRANTS & AGREES:

1. Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein. Collateral is described as, but not limited to, any and all personal property of Debtor, including but not limited to all furniture, fixtures, leasehold improvements, equipment, inventory, goods and supplies, accounts, chattel paper and other tangibles and intangibles and all after-acquired property and proceeds related to any of the foregoing.

2. Except as otherwise provided herein, no Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements, pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to file or record same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay

the cost of filing or recording the same and/or this Agreement.

3. To do all acts that may be necessary to maintain, preserve and protect the Collateral, not to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.

4. Except in the ordinary course of business, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

5. To pay, at least ten (10) days before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to provide, maintain in force at all times, and deliver to Secured Party fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral, as Secured Party may, at its discretion, require, in amounts and with companies satisfactory to Secured Party with loss payable to Secured Party.

6. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Secured Party's determination as to whether or not Debtor has failed to make any payment or do any act as herein required shall be final and conclusive. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph with interest from date of expenditure at the rate of ten (10%) percent per annum.

7. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

7.1 Default by Debtor in the payment of the obligations or liabilities secured hereby, or failure by Debtor to perform any agreement herein contained or secured hereby.

7.2 Any warranty, representation or statement, made or furnished to Secured Party by or on behalf of Debtor, proves to have been false in any material respect when made or furnished;

7.3 Substantial uninsured damage, destruction, or danger, in the opinion of Secured Party, of misuse or confiscation of Collateral or the making of any levy, seizure or attachment thereof or therein; or

7.4 Insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by, or against, Debtor.

8. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtednesses, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon any premises where the Collateral or any part thereof may be and take possession thereof and remove the Collateral or any part thereof. In addition, Secured Party may require, and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both

parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured Party upon the indebtednesses, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.

8.1 Secured Party, at its option, shall have the right to commence any action or proceeding against a third (3rd) party or appear in or defend any action or proceeding brought by a third (3rd) party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to Secured Party by Debtor together with interest from the date of expenditure at the rate of ten (10%) percent per annum.

8.2 In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon it/him/her.

8.3 At any public sale or sales made under this Section 8 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

9. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all of the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect, or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of setoff to the same effect and in the same manner as if this security interest had not been given.

10. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.

11. The words "Secured Party" and "Debtor," as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns, respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third (3rd) persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. All references herein to the Uniform Commercial Code ("UCC") means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT IT HAS READ AND FULLY UNDERSTANDS THIS SECURITY AGREEMENT.

SECURED PARTY

DEBTOR

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

I. DEFINITIONS

~~Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Rules. In the event of a conflict between the definitions in this Agreement and the definitions in the HIPAA Rules, the definitions in the HIPAA Rules shall be applied.~~

~~Covered Entity shall generally have the same meaning as the term “covered entity” at 45 C.F.R. §160.103.~~

~~Business Associate shall generally have the same meaning as the term “business associate” at 45 C.F.R. §160.103.~~

~~Protected Health Information (“PHI”) includes electronic Protected Health Information and means any information, whether oral or recorded in any form or medium that:~~

- ~~a. Relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual;~~
- ~~b. Identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual; and~~
- ~~c. Is limited to the information created or received by BA from or on behalf of CE.~~

~~Electronic Protected Health Information (“e-PHI”) is a subset of Protected Health Information and means PHI that is transmitted by or maintained in any electronic media.~~

~~Disclose means the release, transfer, provision of access to, or divulging in any other manner of PHI to parties outside the BA’s organization.~~

~~Use means the sharing, employment, application, utilization, examination, or analysis of PHI within the BA’s organization.~~

~~Secretary means the Secretary of Health and Human Services or any other officer or employee of HHS to whom the authority involved has been delegated.~~

~~Data aggregation means, with respect to PHI created or received by a BA in its capacity as a BA of a CE, the combining of such PHI by the BA with the PHI received by the BA in its capacity as a BA of another CE, to permit data analyses that relate to the health care operations of the respective covered entities.~~

~~Individual means the person who is the subject of PHI and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).~~

~~HIPAA Rules mean the Privacy, Security, Breach Notification and Enforcement Rules at 45 C.F.R. Part 160 and Part 164.~~

~~Required By Law means a mandate contained in law that compels a CE to make a use or disclosure of PHI and that is enforceable in a court of law.~~

~~Availability means that data or information is accessible and useable upon demand by an authorized person.~~

~~Confidentiality means that data or information is not made available or disclosed to unauthorized persons or processes.~~

~~Integrity means that data or information have not been altered or destroyed in an unauthorized manner.~~

~~Security Incident means the successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.~~

~~HITECH means the Health Information Technology for Economic and Medical Director Health Act, found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005.~~

~~Unsecured PHI shall have the same definition that the Secretary gives the term in guidance issued pursuant to § 13402 of HITECH.~~

II. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

- ~~1. Nondisclosure. BA shall not use or disclose CE's PHI otherwise than as permitted or required by this Agreement or as Required By Law.~~
- ~~2. Minimum Necessary. BA shall use or further disclose PHI only in the minimum amount and to the minimum number of individuals necessary to achieve the purpose of the services being rendered to or on behalf of CE, or otherwise in furtherance of the underlying Services Agreement between BA and CE.~~
- ~~3. Safeguards. BA shall use appropriate safeguards to prevent use or disclosure of CE’s PHI otherwise than as~~

provided for by this Agreement.

4. ~~Reporting of Unauthorized Disclosures.~~ BA shall report to CE any use or disclosure of CE's PHI not provided for by this Agreement of which BA becomes aware, including breaches of unsecured PHI as required at 45 C.F.R. §164.410 and any security incident of which it becomes aware.
5. ~~Mitigation.~~ BA shall mitigate, to the extent practicable, any harmful effect that is known to BA of a use or disclosure of PHI by BA in violation of the requirements of this Agreement.
6. ~~BA's Agents.~~ In accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, BA shall ensure that any agents, including subcontractors, that create, receive, maintain or transmit PHI on behalf of BA agree to the same restrictions, conditions and requirements that apply to the BA with respect to such information.
7. ~~Access to PHI.~~ BA shall provide access, at the request of CE, and in the time and manner designated by CE, to PHI to CE or, as directed by CE, to an Individual in order to meet the requirements under 45 CFR §164.524. This provision applies only to PHI received or created by BA pursuant to this Agreement, if BA possesses such PHI.
8. ~~Documentation of Disclosures.~~ BA shall document such disclosures of PHI and information related to such disclosures as would be required for CE to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528.
9. ~~Accounting of Disclosures.~~ BA shall provide to CE, in time and manner designated by CE, information collected in accordance with Section 8 of this Agreement, to permit CE to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. Except in the case of a direct request from an Individual for an accounting related to treatment, payment, or operations disclosures through electronic health records, if the request for an accounting is delivered directly to BA or its agents or subcontractors, if any, BA shall within ten (10) business days of a request notify CE about such request. CE shall either request BA to provide such information directly to the Individual, or it shall request that the information be immediately forwarded to CE for compilation and distribution to such Individual. In the case of a direct request for an accounting from an Individual related to treatment, payment, or operations disclosures through electronic health records, BA shall provide such accounting to the Individual in accordance with HITECH § 13405(c). BA shall not disclose any PHI unless such disclosure is required by law or is in accordance with this Agreement. BA shall document such disclosures. Notwithstanding anything in the Agreement to the contrary, BA and any agents or subcontractors shall continue to maintain the information required for purposes of complying with this Section for a period of six (6) years after termination of the Agreement.
10. ~~Amendment of PHI.~~ BA shall make any amendment(s) to PHI that the CE directs or agrees to pursuant to 45 CFR § 164.526 at the request of CE or an Individual, and in the time and manner designated by CE. This provision applies only to PHI received or created by BA pursuant to this Agreement, if BA possesses such PHI.
11. ~~Internal Practices.~~ BA shall make its internal practices, books and records relating to the use and disclosure of PHI received from CE, or created or received by BA on behalf of CE, available to the CE, or to the Secretary, for purposes of the Secretary determining CE's compliance with the HIPAA Rules.
12. ~~Security of e-PHI.~~ If BA creates, receives, maintains or transmits e-PHI at any time during the term of this agreement, BA agrees to appropriately safeguard the e-PHI as follows:
 - a. **Safeguards.** Develop, implement, maintain, and use appropriate safeguards to prevent any use or disclosure of the PHI or e-PHI other than as provided by this Agreement, and to implement administrative, physical, and technical safeguards as required by §164.308, 164.310, 164.312 and 164.316 and HITECH to protect the confidentiality, integrity, and availability of e-PHI or PHI that BA creates, receives, maintains, or transmits, in the same manner that such sections apply to the CE. See HITECH § 13401;
 - b. **Agents.** BA will ensure that any agent, including a subcontractor, to whom it provides e-PHI agrees to implement reasonable and appropriate safeguards to protect it; and
 - c. **Reporting.** BA will report to CE any Security Incident, of which BA becomes aware.
13. BA shall comply with any additional requirements of Title XIII of HITECH that relate to privacy and

security and that are made applicable with respect to covered entities. *See* HITECH § 13401.

- ~~14. BA shall adopt the technology and methodology standards required in any guidance issued by the Secretary pursuant to HITECH §§ 13401-13402.~~
- ~~15. BA shall mitigate any harmful effect that is known to BA of a use or disclosure of PHI by BA in violation of the requirements of this Agreement and notify CE of any breach of Unsecured PHI, as required under HITECH § 13402.~~
- ~~16. In the case of a breach of Unsecured PHI, the BA shall, promptly following the discovery of a breach of such information, notify CE of such breach. The notice shall include the identification of each individual whose Unsecured PHI has been, or is reasonably believed by the BA to have been, accessed, acquired, or disclosed during the breach.~~
- ~~17. BA shall be solely responsible for the cost of the required reporting, notification or mitigation associated with BA's breach of Unsecured PHI. Further, BA shall reimburse CE for any costs CE incurs as a result of assisting BA with BA's requirements as a result of a breach of Unsecured PHI.~~
- ~~18. BA shall enter into an agreement with each of its subcontractors pursuant to 45 CFR § 164.308(b)(1) and HITECH § 13401 that is appropriate and sufficient to require each such subcontractor to protect PHI to the same extent required by BA hereunder.~~
- ~~19. BA shall along with its agents or subcontractors, if any, only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure. BA agrees to comply with the Secretary's guidance on what constitutes "minimum necessary". *See* HITECH § 13405.~~
- ~~20. BA shall take reasonable steps to cure the breach or end the violation if BA knows of a pattern of activity or practice by CE that constitutes a material breach or violation of CE's obligations under this Agreement. If such steps are unsuccessful within a period of 30 days, BA will either: 1) terminate the Agreement, if feasible; or 2) report the problem to the Secretary. *See* HITECH § 13404(b).~~

III. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

- ~~1. Permitted Uses and Disclosures. Except as otherwise limited in this Agreement, BA may use or disclose PHI to perform necessary functions, activities, or services for, or on behalf of CE, provided such use or disclosure would not violate the HIPAA Rules if done by the CE.~~
- ~~2. Use for Management and Administration. Except as otherwise limited in this Agreement, BA may use PHI for the proper management and administration of the BA or to carry out the legal responsibilities of the BA.~~
- ~~3. Disclosure for Management and Administration. Except as otherwise limited in this Agreement, BA may disclose PHI for the proper management and administration of the BA or to carry out the legal responsibilities of the BA, provided that:
 - ~~a. Disclosures are required by law; or~~
 - ~~b. BA obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and~~
 - ~~c. The person notifies the BA of any instances of which it is aware in which the confidentiality of the information has been breached.~~~~
- ~~4. Data Aggregation. Except as otherwise limited in this Agreement, BA may use PHI to provide Data Aggregation services to CE relating to the health care operations of the CE.~~
- ~~5. Report Violations of Law. Except as otherwise limited in this Agreement, BA may use PHI to report violations of law appropriate to federal and state authorities consistent with 45 CFR § 164.502(j)(1).~~

IV. OBLIGATIONS OF COVERED ENTITY

- ~~1. Changes in Permission. CE shall notify BA of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect BA's use or disclosure of PHI.~~
- ~~2. Notification of Restrictions. CE shall notify BA of any restriction to the use or disclosure of PHI that CE has agreed to or must comply with in accordance with 45 CFR § 164.522 and/or HITECH § 13405(a), to the extent that such restriction may affect BA's use or disclosure of PHI.~~

V. PERMISSIBLE REQUESTS BY COVERED ENTITY

- ~~1. Requests by Covered Entity. CE shall not request BA to use or disclose PHI in any manner that would not be permissible under the HIPAA Rules if done by CE.~~
- ~~2. Audits, Inspection and Enforcement. From time to time upon reasonable notice, CE may inspect the facilities, systems, books and records of BA to monitor compliance with this Agreement. BA shall promptly remedy any violation of any term of this Agreement and shall certify the same to CE in writing. The fact that CE inspects, fails to inspect, or has the right to inspect BA's facilities, systems and procedures does not relieve BA of its responsibility to comply with this Agreement, nor does CE's (i) failure to detect or (ii) detection of a violation of any term of this Agreement.~~

VI. TERM AND TERMINATION

- ~~1. Term. The Term of this Agreement shall be effective as of the effective date of the Franchise Agreement, and shall terminate when all of the PHI provided by CE to BA, or created or received by BA on behalf of CE, is destroyed or returned to the CE, or if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance the termination provisions in this Section.~~
- ~~2. Termination for Cause. Upon CE's knowledge of a material breach by BA, CE shall either:
 - a. provide an opportunity for BA to cure the breach or end the violation and if BA does not cure the breach or end the violation within the time specified by CE, terminate this Agreement;
 - b. immediately terminate this Agreement if BA has breached a material term of this Agreement and cure is not possible; or
 - c. report the violation to the Secretary if neither cure of the breach nor termination of this Agreement is feasible.~~
- ~~3. Effect of Termination. Except as provided in paragraph (4) of this section, upon termination of this Agreement, for any reason, BA shall return or destroy all PHI received from CE, or created or received by BA on behalf of CE. This provision shall apply to PHI that is in the possession of subcontractors or agents of BA. BA shall retain no copies of the PHI.~~
- ~~4. Return or Destruction of PHI Not Feasible. In the event that BA determines that returning or destroying PHI is not feasible, BA shall notify CE in writing of the conditions that make return or destruction infeasible. If return or destruction of the PHI is infeasible, BA shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as BA maintains such PHI.~~

VII. MISCELLANEOUS

- ~~1. Regulatory References. A reference in this Agreement to a section in the HIPAA Rules and HITECH means the section as in effect or as amended, and for which compliance is required.~~
- ~~2. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time for CE to comply with the requirements of the HIPAA Rules.~~
- ~~3. Survival. The respective rights and obligations of BA under Section VI.3. and VI.4. of this Agreement shall survive the termination of this Agreement.~~
- ~~4. Interpretation. This Agreement shall be interpreted as broadly as necessary to implement and comply with the HIPAA Rules and applicable state laws. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that permits CE to comply with the HIPAA Rules and applicable state laws.~~
- ~~5. Assistance in Litigation or Administrative Proceedings. BA shall make itself, and any subcontractors, employees or agents assisting BA in the performance of its obligations under this Agreement, available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon claimed violation of the Privacy Rule, except where BA or its subcontractor, employee or agent is a named adverse party.~~

~~***~~

APPENDIX VI
SBA ADDENDUM

ATTACHMENT D

TO FRANCHISE AGREEMENT

MANAGEMENT AGREEMENT

THIS ~~MANAGEMENT AGREEMENT~~ (this “~~Agreement~~ SBA ADDENDUM (“Addendum”) is made, ~~and~~ entered into on this day _____, by and between Next Health Franchise ~~ing Medical Group~~, LLC, a Delaware limited liability company ~~having, with~~ its ~~address~~ principal place of business at 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (the “~~Medical Service Manager~~”), and the party signing this Agreement as the “~~NextHealth~~ CA 90069, and <<Franchisee” Entity Name”) (the “~~NextHealth Franchisee~~”) ~~to be effective as of the Effective Date set forth in Exhibit A, located at <<Address>>.~~

RECITALS

Franchisor and Franchisee entered into a Franchise Agreement on _____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

~~A. The Medical Service Manager is in the business of providing health, wellness, medical, aesthetic, and related services, products, and treatments that under the applicable law must be provided and/or supervised by licensed physicians (“Medical Services”).~~

~~B. The NextHealth Franchisee owns and operates a franchised NextHealth Center located at the address identified on Exhibit A to this Agreement (the “Center”). The Center arranges for the provision of Medical Services to the clients by providing non-clinical administrative services to healthcare and wellness practices.~~

~~C. The Medical Service Manager wishes to provide Medical Services at the Center and engage the non-clinical administrative services of the NextHealth Franchisee in accordance with the terms and conditions of this Agreement.~~

AGREEMENT

~~NOW, THEREFORE, in~~ In consideration of the mutual promises ~~and covenants contained herein and other~~ below and for good and valuable consideration, the receipt and sufficiency of which ~~are hereby~~ the parties acknowledged, the parties ~~hereto~~ agree as follows that notwithstanding any other terms in the Franchise Agreement:

1. ENGAGEMENT.

~~The Medical Service Manager hereby engages the NextHealth Franchisee, and the NextHealth Franchisee hereby accepts the engagement by the Medical Service Manager, exclusively to provide and/or arrange for the provision of non-clinical administrative, management and business support services required to support the Medical Service Manager’s provision of clinical operations at the Center (the “Administrative Services”).~~

~~The Medical Service Manager expressly authorizes the NextHealth Franchisee to perform the Administrative Services in the manner that the NextHealth Franchisee reasonably deems appropriate to meet the day-to-day business needs of the Medical Service Manager. The foregoing notwithstanding, the Attachment D—~~

~~NextHealth Franchisee will not provide any service set forth in Section 3.I. or that constitutes the clinical practice of medicine or the provision of professional medical services in violation of applicable law. The Medical Service Manager will solely and exclusively control the provision of professional services, and the NextHealth Franchisee will neither have nor exercise any control or discretion over the methods by which the Clinical Staff (as defined in Section 2.A.) render professional services.~~

~~Except to the extent prohibited by applicable laws and subject to the limitations set forth in this Agreement, the Medical Service Manager, in accordance with applicable law, hereby grants to the NextHealth Franchisee a special power of attorney and appoints the NextHealth Franchisee as a lawful agent and attorney in fact to (i) evaluate, bargain, arrange for, negotiate, enter into, administer, and amend contracts for and on behalf of the Medical Service Manager with third parties, including vendors or other customers of the Medical Service Manager, and (ii) give and receive notices, and any other information required or allowed under any vendor, customer or other third party contracts, (iii) direct the acceptance, approval, utilization, access, use, and management of all services and activities contemplated under vendor, customer or other third party contracts.~~

~~**2. DUTIES OF MEDICAL SERVICE MANAGER.**~~

~~During the term of this Agreement, the Medical Service Manager will, at its own cost and expense, provide, or arrange for the provision of, the services described in this Section 2 to the NextHealth Franchisee. Notwithstanding anything to the contrary, the NextHealth Franchisee acknowledges and agrees that, except for performing its obligations under this Agreement in compliance with the applicable laws, the Medical Service Manager will not, and nothing in this Agreement requires the Medical Service Manager to, take any action to (i) ensure that the Center is operated in compliance with applicable laws, or (ii) fulfill any of the NextHealth Franchisee's obligations under applicable law or to the franchisor of NextHealth centers (the "**Franchisor**").~~

~~**A. MEDICAL DIRECTOR.**~~

~~Attachment D-~~

~~During the term of this Agreement, the Medical Service Manager will make a qualified and licensed physician (the “Medical Director”) available to the NextHealth Franchisee, who is licensed to practice medicine in the jurisdiction in which the Center is located and can, using his/her independent medical judgment, perform, or, where permitted, supervise the performance of certain Medical Services administered at the Center by the nurse practitioners and the registered nurses (“Clinical Staff”). The parties hereby designate the person identified as the Medical Director on Exhibit A hereto as the Center’s Medical Director. The parties agree that the Medical Service Manager, through the Medical Director identified on Exhibit A, will offer, provide, and supervise Medical Services at the Center only during the terms of its physician participation agreement or similar agreement with the Medical Service Manager; and if such agreement between the Medical Director and the Medical Service Manager is terminated or expires, or if the Medical Director ceases to be licensed or qualified to practice medicine in the jurisdiction in which the Center is located, then the Medical Service Manager will (i) promptly notify the NextHealth Franchisee, (ii) cause such Medical Director to immediately cease providing Medical Services at the Center, and (iii) make commercially reasonable efforts to engage a replacement Medical Director who will thereafter offer, provide, and supervise Medical Services at the Center in accordance with this Agreement. The parties may from time to time revise Exhibit A to identify the then current Medical Director of the Center. The Medical Service Manager will have the sole responsibility, and the NextHealth Franchisee will have no responsibility, for the hiring, firing, compensation, supervision or training of the Medical Director or any other personnel employed or otherwise retained by the Medical Service Manager.~~

~~Notwithstanding anything to the contrary, the parties agree that the Medical Director will use its independent medical judgement and offer, provide, and/or, where permitted by applicable laws, supervise the performance of, the Medical Services at the Center. The Medical Director will have complete and absolute control over the methods by which Medical Services will be rendered at the Center. Notwithstanding anything to the contrary, neither the Medical Service Manager nor the NextHealth Franchisee and the Franchisor will exercise any authority, influence, or control over the Medical Services rendered at the Center. Nothing in this Agreement is intended to interfere with the Medical Director’s ability to exercise independent, clinical, and professional judgment, including making referrals as medically appropriate, and the Medical Director’s decisions with respect to all aspects of the offer and provision of Medical Services will supersede anything that either directly or indirectly interferes with the Medical Director’s ability to exercise independent, clinical, and professional judgment with respect to the Medical Services.~~

~~**B. MEDICAL STANDARDS.**~~

~~Attachment D–~~

~~The Medical Service Manager will cause the Medical Director to issue certain standards and specifications regarding the offer, provision, and supervision of Medical Services at the Center, including those governing purchase, storage, placement, and use of equipment and supplies that will be used in providing Medical Services; marketing of Medical Services; and other aspects relating to offer, provision, and supervision of Medical Services at the Center that the Medical Director's deems appropriate in the independent exercise of its medical judgement (collectively, the "Medical Standards"). The NextHealth Franchisee must (i) comply with the Medical Standards as they may apply to the non-clinical administrative support services to provide by it to the Medical Service Manager and the Medical Director, and (ii) cause its Clinical Staff to comply with the Medical Standards while administering Medical Services at the Center. The Medical Director may periodically, upon notice to the NextHealth Franchisee, modify the Medical Standards in accordance with its independent medical judgement. Any modification of the Medical Standards may obligate the NextHealth Franchisee to invest additional capital in the Center and incur higher operating costs.~~

~~C. BILLING:~~

~~The Medical Service Manager shall control the amount of professional fees or other amounts charged and collected by the Medical Service Manager for the Medical Services provided at the Center. To the extent permitted by applicable law, the Medical Service Manager hereby appoints the NextHealth Franchisee to act as its agent in the billing and collection of all revenue generated from the provision of Medical Services at the Center (the "Professional Fees"). The Medical Service Manager shall cooperate and shall cause the Medical Director to cooperate with the NextHealth Franchisee in all reasonable matters relating to the billing and collection of Professional Fees. The Medical Director shall review and approve the reports and other information required to support complete and accurate bills. Additionally, the Medical Service Manager and Medical Director will provide such information necessary to appeal or contest any denials of claims or other regulatory issues. The Medical Service Manager, in consultation with the NextHealth Franchisee, shall establish reasonable policies and procedures with respect to billing and collection matters. The Medical Service Manager hereby authorizes the NextHealth Franchisee to endorse and negotiate on the Medical Service Manager's behalf any checks or payments received by the Medical Service Manager or Medical Director (in his or her capacity as such) and agrees to cooperate with the NextHealth Franchisee in billing and collection activities pertaining to the professional services provided by the Medical Service Manager or the Medical Director. The Medical Service Manager and the NextHealth Franchisee shall comply with applicable federal, state, and local statutes and regulations regarding the billing and collection of all Professional Fees.~~

~~D. MEDICAL RECORDS:~~

~~The Medical Service Manager will cause the Medical Director to maintain, in a timely manner, complete, accurate and legible records for all patients who receive Medical Services at the Center (the "Medical Records"). The parties agree that, to the extent permitted by applicable laws, between the Medical Service Manager and the NextHealth Franchisee all such Medical Records will be the property of the Medical Service Manager. The Medical Service Manager will grant the NextHealth Franchisee access to the information contained in Medical Records to the extent that access to such information is permitted by law and is required in connection with the NextHealth Franchisee's administrative responsibilities hereunder. As required by the privacy regulations issued under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties will comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.~~

Attachment D-

~~E. Establishment of Receivables Account; Deposit of Proceeds.~~

~~The Medical Service Manager may establish and maintain a deposit bank account (the “Receivables Account”). The Medical Service Manager may (i) deposit or cause to be deposited promptly all cash, checks, drafts, or other similar items of payment relating to or constituting receivables of the Medical Service Manager into the Receivables Account and (ii) request in writing and otherwise take such reasonable steps to ensure that all account debtors remit all payments of Professional Fees into the Receivables Account.~~

3. DUTIES OF NEXT HEALTH FRANCHISEE.

~~During the term of this Agreement, the NextHealth Franchisee will, at its own cost and expenses and in compliance with all applicable laws, provide the following Administrative Services to the Medical Service Manager and/or the Medical Director, as applicable:~~

~~A. RECOMMENDED PROFESSIONAL FEES.~~

~~The parties acknowledge and agree that the Medical Service Manager shall have sole control over the amount of Professional Fees charged, collected, or other amounts due in connection with services and goods provided by the Medical Service Manager. The NextHealth Franchisee may, subject to applicable laws, recommend charges, premiums, or other amounts due in connection with services and goods provided by or under the supervision of Medical Director.~~

~~B. CONSULTATION SERVICES.~~

~~The NextHealth Franchisee shall, in consultation with the Medical Service Manager, assist the Medical Service Manager in assessing the Medical Service Manager’s business activities at the Center, including business planning for the service in the Center, customer satisfaction, and outcomes monitoring. The NextHealth Franchisee shall develop systems to assist the Medical Service Manager in tracking Medical Service Manager’s revenues from its operations at the Center, including expenses, cost accounting, utilization, quality assurance, physician productivity, and customer satisfaction.~~

~~C. PREMISES~~

~~The NextHealth Franchisee must, throughout the term of this Agreement, grant unrestricted access to the premises of the Center to the Medical Director and the Medical Service Manager and its representatives for the provision of the Medical Services. This Agreement will not be construed as a lease or sublease of the premises of the Center and will not be deemed to create a relationship of that of landlord and tenant between the parties or between the NextHealth Franchisee (on one hand) and the Medical Service Manager and/or the Medical Director (on the other hand).~~

~~D. RELATED OFFICE SERVICES.~~

~~The NextHealth Franchisee shall, in consultation with the Medical Service Manager, manage the Premises of the Center and provide any related office and medical furniture, fixtures, supplies and equipment necessary to enable the Medical Service Manager to provide Medical Services in an organized and efficient manner, provided that the Medical Director shall approve the selection of any medical~~

~~Attachment D–~~

~~equipment and medical supplies. The Medical Director shall maintain complete control over those aspects of related office services that involve direct medical care provided to individuals.~~

~~E. ELECTRONIC MEDICAL RECORD.~~

~~The NextHealth Franchisee shall make available to the Medical Director an electronic medical record system. The Medical Service Manager will cause the Medical Director to maintain proper documentation of medical services by the Medical Director and Clinical Staff in such electronic medical record system and shall own the contents of all such medical records.~~

~~F. BUSINESS OFFICE AND SUPPORT SERVICES.~~

~~The NextHealth Franchisee shall provide, in accordance with applicable law, computer, billing and collection, accounts receivable and accounts payable services necessary for the management of the services performed by or under the supervision of the Medical Director at the Center. The NextHealth Franchisee shall also order and purchase office and other supplies reasonably requested by the Medical Service Manager or Medical Director. The NextHealth Franchisee must comply with all applicable laws in ordering, purchasing, stocking, and monitoring of any pharmaceuticals or other medical items and supplies that require a permit, licensure registration, certification, or identification number to order. Upon request from the Medical Service Manager, the NextHealth Franchisee may arrange for access to information systems services and other necessary operational services.~~

~~G. PERSONNEL SERVICES.~~

~~The NextHealth Franchisee shall provide managerial, clerical, secretarial, bookkeeping, billing and collection personnel, including personnel for the maintenance of billing and collection records, financial records, and medical records, as requested by the Medical Service Manager.~~

~~The NextHealth Franchisee may provide to the Medical Service Manager certain professional healthcare personnel not required to be contracted or employed by the Medical Service Manager pursuant to applicable law, which may vary from state to state, and non-medical personnel reasonably required to provide local practice support for the Medical Service Manager's professional clinical operations at the Center.~~

~~The NextHealth Franchisee shall determine the assignments, salaries, and fringe benefits of all the nonmedical personnel provided by the NextHealth Franchisee. Unless otherwise expressly provided in this Agreement or required by applicable law, the NextHealth Franchisee retains decision making authority regarding all non-medical administrative matters. The non-medical personnel may perform services from time to time for the NextHealth Franchisee or other individuals or entities, provided that such services do not interfere with the NextHealth Franchisee's obligations hereunder. The NextHealth Franchisee, in its sole discretion, may utilize employees or independent contractors to provide such services.~~

~~H. BILLING AND COLLECTION.~~

~~The NextHealth Franchisee shall provide billing and collection services for the Professional Fees. Such billing and collection services may include: (i) submission of regular bills for each individual who receives Medical Services at the Center; and (ii) accounting for the collection of all Medical Services. The Medical Service Manager and the NextHealth Franchisee shall comply with applicable federal, state, and~~

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~~local statutes and regulations regarding the billing and collection of the Professional Fees. All charges collected and all collections from services rendered by the Medical Service Manager shall be paid directly to the Medical Service Manager and deposited in an account in the name of and under the Medical Service Manager's sole control.~~

~~I. ADDITIONAL SERVICES.~~

~~The NextHealth Franchisee shall provide Administrative Services required for the day-to-day operation of the Medical Service Manager, including any additional administrative services that are reasonably requested by the Medical Service Manager and are not otherwise described above.~~

~~Notwithstanding anything to the contrary, the NextHealth Franchisee will not provide any of the following services to the Medical Service Manager or the Medical Director:~~

- ~~A. assignment of the Medical Director or any other licensed healthcare professional to treat patients, including determining how many patients the Medical Director or any other licensed healthcare professional must see in a given period or how many hours the Medical Director or any other licensed healthcare professional must work;~~
- ~~B. assumption of responsibility for the care of patients including the treatment options available;~~
- ~~C. serving as the party to whom bills and charges for Medical Services are made payable;~~
- ~~D. determining what diagnostic tests are appropriate for a particular condition;~~
- ~~E. determining the need for referrals to or consultation with another physician/specialist; or~~
- ~~F. any activity that involves the practice of medicine or that would cause the NextHealth Franchisee to be subject to licensure under the applicable laws and regulations in the state in which the Center is located.~~

~~4. FEES.~~

~~A. ADMINISTRATIVE SERVICE FEE.~~

~~Subject to the NextHealth Franchisee's compliance with its obligations under this Agreement and any other agreement with the Medical Service Manager or its affiliates, the Medical Service Manager will in exchange for all the Administrative Services rendered by the NextHealth Franchisee in accordance with this Agreement, pay the NextHealth Franchisee an Administrative Service Fee in the amount described in Exhibit A hereto. The Administrative Services Fee will be due and payable for such periods and in such intervals as the parties may mutually agree on from time to time.~~

~~The parties acknowledge and agree that the Administrative Services Fee is commercially reasonable and reflective of the parties' negotiated agreement as to the fair market value of the services provided by the NextHealth Franchisee to the Medical Service Manager by the NextHealth Franchisee pursuant to this Agreement.~~

~~The parties recognize that the operations at the Center may change in size and scope over the term of this Agreement, which may cause the Administrative Services Fees, as adjusted, to no longer~~

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~~reflect the fair market value of the Administrative Services provided pursuant to this Agreement. Accordingly, the parties agree to review the Administrative Services Fee periodically (but not earlier than annually) and make appropriate adjustments as the parties may mutually agree to ensure that the Administrative Services Fee on a go forward basis comports with the fair market value of the increased or decreased demand for Administrative Services based on material changes to the size and scope of the services.~~

~~No portion of the Administrative Services Fee is intended to be, or will be interpreted as, any commission, bonus, kickback, rebate, patient brokering, or fee splitting arrangement in any form.~~

~~**B. MEDICAL DIRECTOR FEE.**~~

~~Throughout the term of this Agreement, NextHealth Franchisee must pay Medical Service Manager a monthly Medical Director fee (the “Medical Director Fee”) in the amount identified on Exhibit A to this Agreement. The Medical Director Fee will be due and payable on such date and in such manner that Medical Service Manager requires from time to time.~~

~~**5. CONFIDENTIALITY.CHANGE OF OWNERSHIP**~~

~~“Confidential Information” means all non public or proprietary information that is provided to the NextHealth Franchisee by or on behalf of the Medical Service Manager, including any patents, patent applications, licenses, copyrights, trademarks, trade names, service marks, service names, know how, trade secrets, and other information related to the provision of the Medical Services at the Center, including customer lists, details of health care facility, payor or consulting contracts, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, procurement and sales activities, promotional and pricing techniques, credit and financial data concerning health care facilities, payors or customers, business acquisition plans or any portion or phase of any scientific or technical information, ideas, discoveries, designs, computer programs (including source or object codes), processes, procedures, or formulas, whether or not in written or tangible form, and whether or not registered, and including all memoranda, notes, plans, reports, records, documents, improvements, and other evidence thereof.~~

~~The NextHealth Franchisee agrees that this Agreement does not vest in it any interest in the Confidential Information other than the right to use it provide Administrative Services in accordance with this Agreement, and that the use, duplication or improper distribution or publication of the Confidential Information in any case would constitute an unfair method of competition. The NextHealth Franchisee acknowledges and agrees that the Confidential Information (as defined below) is a valuable, confidential, special, and unique asset of the Medical Service Manager and its affiliates, and that NextHealth Franchisee will: (i) not use the Confidential Information in any other capacity, except as the provider of Administrative Services in accordance with this Agreement; (ii) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) not make unauthorized copies of, or improperly disclose or publish any portion of, the Confidential Information however and in whatever form or format disclosed to the NextHealth Franchisee; and (iv) adopt and implement all reasonable procedures periodically prescribed by the Medical Service Manager to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to its employees and the use of nondisclosure and noncompetition agreements that the Medical Service Manager may prescribe for employees or others who have access to the Confidential Information.~~

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~~The restrictions on the NextHealth Franchisee's disclosure and use of the Confidential Information will not apply to the: (i) disclosure or use of information, processes, or techniques which are generally known and used in the health and wellness industry (as long as the availability is not because of a disclosure by the NextHealth Franchisee), provided that the NextHealth Franchisee has first given to the Medical Service Manager a written notice of its intended disclosure and/or use; and (ii) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent the NextHealth Franchisee is legally compelled to disclose it, provided that the NextHealth Franchisee has first given to the Medical Service Manager the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Medical Service Manager that the information required to be disclosed will be treated confidentially.~~

~~Upon the termination of this Agreement for any reason, the NextHealth Franchisee agrees to return to Medical Service Manager, or destroy, at the Medical Service Manager's direction all Confidential Information then in the NextHealth Franchisee's possession or control. The provisions of this Section 5 will survive the termination of this Agreement for any reason.~~

6. INSURANCE.

~~The franchise agreement for the Center requires the NextHealth Franchisee to maintain in force certain types and limits of insurance coverages in connection with the operation of the Center. In addition to those types and limits of insurance coverages, the Medical Service Manager periodically may require the NextHealth Franchisee to maintain different or additional insurance coverages in connection with the operation of the Center. Any liability coverage insurance policy in connection with the Center must name the Medical Service Manager and any affiliates designated by the Medical Service Manager as additional non-contributing insureds, using a form of endorsement that the Medical Service Manager has provided or approved, and each insurance policy must provide for 30 days' prior written notice to the Medical Service Manager of a policy's material modification, cancellation or expiration. The NextHealth Franchisee routinely must furnish to the Medical Service Manager copies of its Certificate of Insurance or other evidence regarding the maintenance of insurance coverage and paying premiums.~~

7. RECORDS; REPORTS; AUDIT.

~~The NextHealth Franchisee must establish and maintain, at its own expense, a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats the Medical Service Manager periodically prescribes, including using the Medical Service Manager's standard chart of accounts. The NextHealth Franchisee must provide the Medical Service Manager with such reports and information that the Medical Service Manager requests from time to time regarding the performance of the Medical Services at the Center. The NextHealth Franchisee agrees to provide this information in the frequency, manner, and format that the Medical Service Manager periodically prescribes. Subject to applicable law, the Medical Service Manager may disclose data derived from these reports, and the Medical Service Manager may, as often as it deems appropriate (including on a daily basis), access the NextHealth Franchisee's computer systems and retrieve all information relating to the provisions of Medical Services at the Center.~~

~~The Medical Service Manager will have unrestricted and unlimited right to inspect and audit the books and records of the NextHealth Franchisee to ensure compliance with the NextHealth Franchisee's obligations under this Agreement.~~

~~To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act 42 U.S.C. §1395x(v)(1)(I) are applicable to this Agreement, the parties agree to make available, upon the written Attachment D—~~

~~request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing such services. The parties shall notify each other of any such request for records.~~

8. TERM AND TERMINATION:

A. TERM:

~~The term of this Agreement will commence on the Effective Date and, unless sooner terminated as provided herein, will expire upon the expiration of the term of the franchise agreement executed by the NextHealth Franchisee and the Franchisor in connection with the operation of the Center. If the NextHealth Franchisee is granted a successor franchise term, then the NextHealth Franchisee and the Medical Service Manager and the Medical Service Manager must enter into the then current form of the Management Agreement for a term that is commensurate with the successor franchise term.~~

B. TERMINATION BY NEXTHEALTH FRANCHISEE:

~~If the NextHealth Franchisee and its owners are fully complaint with this Agreement or any other agreement with the Medical Service Manager or its affiliates, and the Medical Service Manager materially fails to comply with this Agreement and does not correct the failure within 30 days after the NextHealth Franchisee delivers written notice of the material failure to the Medical Service Manager or if the Medical Service Manager cannot correct the failure within 30 days and the Medical Service Manager fails to give the NextHealth Franchisee within 30 days after its receipt of the notice reasonable evidence of its effort to correct the failure within a reasonable time, the NextHealth Franchisee may terminate this Agreement effective an additional 30 days after it delivers a written notice of termination to the Medical Service Manager. The NextHealth Franchisee's termination of this Agreement other than according to this Section 8.B will be deemed a termination without cause and a breach of this Agreement.~~

C. TERMINATION BY MEDICAL SERVICE MANAGER:

~~The Medical Service Manager may terminate this Agreement effective immediately upon notice to the NextHealth Franchisee if:~~

- ~~(i) the NextHealth Franchisee (or any of its owners) have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony;~~
- ~~(ii) the NextHealth Franchisee (or any of its owners) make any unauthorized use or disclosure of any Confidential Information;~~
- ~~(iii) the NextHealth Franchisee fails to pay when due any federal or state taxes due on or in connection with the operation of the Center, unless it is in good faith contesting its liability for those taxes;~~
- ~~(iv) the NextHealth Franchisee (or any of its owners) (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with any provision of this Agreement or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement;~~

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~~in either case, whether or not the NextHealth Franchisee is notified of the failures, and, if the NextHealth Franchisee notified of the failures, whether or not the NextHealth Franchisee corrects the failures after its receipt of default notices;~~

~~(v) the NextHealth Franchisee (or any of its owners) files a petition in bankruptcy or a petition in bankruptcy is filed against the NextHealth Franchisee (or any of its owners); the NextHealth Franchisee (or any of its owners) make an assignment for the benefit of creditors or admit in writing to insolvency or inability to pay debts generally as they become due; the NextHealth Franchisee (or any of its owners) consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of the NextHealth Franchisee's (or any of its owner's) property; the Center is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of the NextHealth Franchisee or the Center is not vacated within 30 days following the order's entry;~~

~~(vi) the NextHealth Franchisee (or any of its owners) fail to comply with anti-terrorism laws, ordinances, regulations and executive orders;~~

~~(vii) the NextHealth Franchisee creates or allows to exist any condition in connection with the operation of the Center, at any location, which the Medical Service Manager reasonably determines to present a health or safety concern for the clients or the Center's personnel;~~

~~(viii) the NextHealth Franchisee or its affiliates fail to comply with any other agreement with the Medical Service Manager (or its affiliates), including the franchise agreement for the Center, and do not correct such failure within the applicable cure period, if any; or~~

~~(ix) the NextHealth Franchisee is in default of any obligation under this Agreement other than those for which a ground of termination is described in Section 8.C.(i)-(viii) and fails to cure such default within 30 days from its receipt of notice of default.~~

~~D. EFFECTS OF TERMINATION.~~

~~On expiration or termination of this Agreement:~~

~~the Medical Service Manager will immediately cease providing its services to the NextHealth Franchisee pursuant to this Agreement;~~

~~the Medical Director will immediately cease providing Medical Services at the Center;~~

If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first (1st) refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

~~the NextHealth Franchisee must immediately return to the Medical Service Manager (or its~~

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~~designee) the following without retaining any copy: all Confidential Information, Medical Records, books and records pertaining to provision of Medical Services at the Center, and other information or material that is reasonably requested by the Medical Service Manager in connection with provision of the Medical Services at the Center; and~~

FORCED SALE OF ASSETS

If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

~~deposit all Professional Fees and checks associated with the Professional Fees in the Medical Service Manager's designated bank account.~~

~~Within 10 days after the expiration or termination of the Agreement, the NextHealth Franchisee must provide to satisfactory evidence to the Medical Service Manager of the NextHealth Franchisee's compliance with these obligations.~~

~~If the NextHealth Franchisee fails to take any of the actions or refrain from taking any of the actions described above, the Medical Service Manager may take whatever action and sign whatever documents it deem appropriate on the NextHealth Franchisee behalf to cure the deficiencies, including, without liability to the NextHealth Franchisee or third parties for trespass or any other claim, to enter the Center and retrieve such materials containing Confidential Information, Medical Records, books, and records pertaining to provision of Medical Services at the Center. The NextHealth Franchisee must reimburse the Medical Service Manager for all costs and expenses incurred by the Medical Service Manager in correcting any such deficiencies.~~

9. INDEMNIFICATION.

~~Each party (the "Indemnifying Party") will indemnify, defend, and hold harmless the other party (the "Indemnified Party") from and against any and all third party costs, fees, expenses, claims, demands, actions and rights of action, damages, liabilities, and reasonable expenses of any kind whatsoever ("Liabilities") that will or may arise by virtue of any act or omission by or of, or any breach of this Agreement by, the Indemnifying Party, *except* to the extent such Liabilities arise as a direct result of the gross negligence or willful misconduct of the Indemnified Party; provided, however, that the Indemnifying Party will be notified promptly and in writing of the existence of such Liabilities and will have the right to assume defense of any such Liabilities.~~

10. ENFORCEMENT.

A. ARBITRATION.

~~All controversies, disputes, or claims between the Medical Service Manager and its affiliates (and Medical Service Manager's and its affiliates' respective shareholders, officers, directors, agents, and employees), on the one hand, and the NextHealth Franchisee (and its affiliates, owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between the Medical Service Manager (and/or its affiliates) and the NextHealth Franchisee (or Attachment D-~~

~~its owners or affiliates); (2) the relationship between the parties hereto; or (3) the scope or validity of this Agreement, any other agreement between the Medical Service Manager (and/or its affiliates) and the NextHealth Franchisee (or its owners or affiliates), or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which the parties acknowledge is to be determined by an arbitrator, not a court), must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of the Medical Service Manager's (or its successor's or assign's, as applicable) then current principal place of business (currently, West Hollywood, California). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator will be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.~~

~~The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre and post award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Medical Service Manager and its affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (the parties hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator will award to the prevailing party its attorneys' fees and costs.~~

~~In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.~~

~~If any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause will not apply to that dispute, controversy or claim and that such dispute, controversy or claim will be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.~~

~~In any arbitration arising as described in this Section, the arbitrator will have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests will be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and will not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit will be propounded, unless the parties later mutually agree to their use.~~

~~The provisions of this Section are intended to benefit and bind certain third party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings will be subject to this Agreement to arbitrate contained in this Section.~~

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~~B. CONSENT TO JURISDICTION.~~

~~Subject to Section 10.A above and the provisions below, the parties agree that all controversies, disputes, or claims between Medical Service Manager and its affiliates (and Medical Service Manager's and its affiliates' respective shareholders, officers, directors, agents, and employees), on the one hand, and the NextHealth Franchisee (and its affiliates, owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between the Medical Service Manager (and/or its affiliates) and the NextHealth Franchisee (or its owners or affiliates) or the parties' relationship with each other must be commenced exclusively in state or federal court closest to the Medical Service Manager's (or its successor's or assign's, as applicable) then current principal place of business (currently, West Hollywood, California), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any party may enforce any arbitration orders and awards in the courts of the state or states in which the NextHealth Franchisee is, or the Center is located.~~

~~C. GOVERNING LAW.~~

~~All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, or other federal law, this Agreement (or any other agreement between the Medical Service Manager (and/or its affiliates) and the NextHealth Franchisee (or its owners or affiliates), the franchise agreement for the Center, and all claims arising from the relationship between the Medical Service Manager (and/or its affiliates) and NextHealth Franchisee (or its owners or affiliates) will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules.~~

~~D. WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR, AND JURY TRIAL.~~

~~Except for the NextHealth Franchisee's indemnification obligation under Section 9, the parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between the parties, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.~~

~~The parties agree that all proceedings, whether submitted to arbitration under Section 10.A above or submitted to a court, will be conducted on an individual basis and that no proceeding between the Medical Service Manager (and/or its affiliates, owners, officers, directors, agents, and employees) on one hand and the NextHealth Franchisee (or its affiliates, owners, officers, directors, agents, and employees) on the other hand, may be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claim of an unaffiliated third party, or (iv) brought on behalf of the NextHealth Franchisee by any association or agent.~~

COVENANTS

~~The parties irrevocably waive trial by jury in any action or proceeding brought by either party or their respective affiliates.~~

~~E. INJUNCTIVE RELIEF.~~

~~Nothing in this Agreement, including the provisions of Section 10.A, bars Medical Service Manager's right to obtain specific performance of the provisions of this Agreement and injunctive or~~

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~~other equitable relief against threatened conduct that will cause loss or damage to the Medical Service Manager under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. The Medical Service Manager may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. The Medical Service Manager will not be required to post a bond to obtain injunctive relief and that the NextHealth Franchisee's only remedy if an injunction is entered against it will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).~~

~~F. COSTS AND ATTORNEYS' FEES.~~

~~The prevailing party in any judicial or arbitration proceeding will be entitled to recover from the other party all damages, costs, and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.~~

~~G. LIMITATION OF LIABILITY.~~

~~OTHER THAN INDEMNIFICATION CLAIMS UNDER SECTION 9, CLAIMS ARISING FROM THE NEXTHEALTH FRANCHISEE'S BREACH OF CONFIDENTIALITY, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY FOR ANY: (I) CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED, OR PUNITIVE DAMAGES; LOSS OF BUSINESS, REVENUE, PROFITS, GOODWILL, OR REPUTATION; OR COST OF REPLACEMENT GOODS OR SERVICES, IN EACH CASE REGARDLESS OF WHETHER SUCH PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES OR SUCH LOSSES OR DAMAGES WERE OTHERWISE FORESEEABLE; (II) DAMAGES, LOSSES, OR COSTS IN EXCESS OF THE TOTAL FEES PAID TO THE MEDICAL SERVICE MANAGER UNDER THIS AGREEMENT IN THE 12 MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM; AND/OR (III) CLAIMS THAT ARE ASSERTED MORE THAN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.~~

If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

~~No previous course of dealing will be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing will be used to alter the expressed terms of this Agreement.~~

~~H. WARRANTY.~~

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~~OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE NEXTHEALTH FRANCHISEE ACKNOWLEDGES AND AGREES THE MEDICAL SERVICE MANAGER DISCLAIMS ALL WARRANTIES, INCLUDING THOSE RELATED TO THE MEDICAL SERVICES PROVIDED BY THE MEDICAL DIRECTOR, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE. THE MEDICAL SERVICE MANAGER MAKES NO WARRANTY OF ANY KIND THAT ITS OR THE MEDICAL DIRECTOR'S SERVICES, INCLUDING THE MEDICAL SERVICES, WILL MEET THE NEXTHEALTH FRANCHISEE'S, ITS CUSTOMERS, OR OTHER PERSON'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT. THE MEDICAL SERVICE MANAGER IS NOT THE MANUFACTURER OF THE EQUIPMENT AND IT MAKES NO REPRESENTATION WITH RESPECT OF THE EQUIPMENT OR ITS USE, OF ANY KIND OR NATURE.~~

~~11. MISCELLANEOUS:~~

~~A. BINDING EFFECT.~~

~~This Agreement is binding on the parties and their respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. This Agreement may only be modified by a written agreement signed by both parties.~~

~~B. NON-ASSIGNMENT.~~

~~The NextHealth Franchisee may not transfer, assign, or subcontract any of its obligations under this Agreement without the Medical Service Manager's prior written approval. The Medical Service Manager may freely transfer, assign, or subcontract any of its obligations under this Agreement to any third party.~~

~~C. RIGHTS OF PARTIES ARE CUMULATIVE.~~

~~Each party's rights under this Agreement are cumulative, and any party's exercise or enforcement of any right or remedy under this Agreement will not preclude such party's exercise or enforcement of any other right or remedy which such party is entitled by law to enforce.~~

~~D. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.~~

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~~Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.~~

~~If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, the NextHealth Franchisee and the Medical Service Manager agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.~~

~~If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement. The NextHealth Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.~~

~~E. WAIVER OF OBLIGATIONS.~~

~~The parties may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. The parties will not be deemed to have waived or impaired any right, power, or option this Agreement reserves because of any custom or practice at variance with this Agreement's terms; either party's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement.~~

~~F. THE EXERCISE OF JUDGMENT.~~

~~Whenever the Medical Service Manager have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant the NextHealth Franchisee a right to take or withhold an action, or to provide or withhold approval or consent, the Medical Service Manager may, except as otherwise specifically provided in this Agreement, make such decision or exercise its rights in its sole and unfettered discretion.~~

~~G. CONSTRUCTION.~~

~~The preambles and exhibits are a part of this Agreement, which together constitute the parties' entire agreement, and there are no other oral or written understandings or agreements between the parties, or oral or written representations by either party, relating to the subject matter of this Agreement, or the provision of Medical Services at the Center (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Except as provided in Section 9, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.~~

Attachment D-

~~References in this Agreement to the “Agreement” mean this Agreement and the attached exhibits, together. The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling either party. “Control” means the power to direct or cause the direction of management and policies. “Including” means “including, without limitation.”~~

~~References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in the NextHealth Franchisee (or a transferee of this Agreement and the Center or an ownership interest in the NextHealth Franchisee), including any person who has a direct or indirect interest in the NextHealth Franchisee (or a transferee), this Agreement, or the Center and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.~~

EMPLOYMENT

~~“Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.~~

~~H. SAFETY.~~

~~The Medical Service Manager will not be required to send any of its representatives to the Center to provide any assistance or services if, in its sole determination, it is unsafe to do so. Such determination by the Medical Service Manager will not relieve the NextHealth Franchisee of its obligations under this Agreement and will not serve as a basis for the NextHealth Franchisee’s termination of this Agreement.~~

~~I. INDEPENDENT CONTRACTORS.~~

~~The Agreement does not create a fiduciary relationship between the Parties. The Medical Service Manager and the NextHealth Franchisee are and will be independent contractors. Except as expressly mentioned in this Agreement, nothing is intended to make the Medical Service Manager and the NextHealth Franchisee each other’s general or special agent, joint venturer, partner, or employee of the other for any purpose.~~

~~J. NOTICES AND PAYMENTS.~~

~~All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Any notice must be sent to parties at the address shown in this Agreement or at the most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to the NextHealth Franchisee at the Center.~~

Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees.

~~K. COUNTERPARTS; COPIES.~~

~~This Agreement may be executed in multiple counterparts which, taken together, will constitute a single instrument. Faxed, scanned or electronic signatures will have the same effect and validity, and may be relied upon in the same manner as original signatures.~~

~~Attachment D–~~

L. PROHIBITED PARTIES.

~~The NextHealth Franchisee hereby represents and warrants to the Medical Service Manager, that neither the NextHealth Franchisee nor any of its employees, agents, representatives, or any other person or entity associated with the NextHealth Franchisee, is now, or has been:~~

~~(1) not (a) excluded from participating in any “federal health care program” as defined in 42 U.S.C. § 1320a-7b(f), including Medicare, state Medicaid programs, state CHIP programs, TRICARE and similar or successor programs with or for the benefit of any government authority, or (b) listed on: (a) the U.S. Treasury Department’s List of Specially Designated Nationals, (b) the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department’s Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224; or~~

~~This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.~~

~~(2) A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism. The NextHealth Franchisee further represents and warrants to the Medical Service Manager that the NextHealth Franchisee is now, and has been, in compliance with U.S. anti-money laundering and counter terrorism financing laws and regulations. The NextHealth Franchisee agrees not to, and to cause all its employees, agents, representatives, and any other person or entity not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.~~

~~Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.~~

~~The NextHealth Franchisee further covenants that neither it nor any of its employees, agents, representatives, or any other person or entity associated with the NextHealth Franchisee, will, during the term of this Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.~~

~~[SIGNATURE PAGE FOLLOWS]~~

[Signature page to Management Agreement]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

MEDICAL SERVICE MANAGER:

NEXTHEALTH FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
DATA SHEET TO MANAGEMENT AGREEMENT

1. **Effective Date:** _____

2. **NextHealth Franchisee Address:** _____

3. **NextHealth Center Address:** _____

3. **Medical Director:** _____

4. **Administrative Service Fee:** ~~100% of the revenue generated from Medical Services provided by or under the supervision of a Medical Director or provided by a Registered Nurse, or an Aesthetic RN at the applicable NextHealth Center, excluding (1) all federal, state, or municipal sales, use, or service taxes collected from clients, (2) the amount of any documented refunds and credits given in good faith to the clients and the center's employees, (3) discounts that are permitted under the Medical Standards, and (4) the Medical Director Fee. "Medical Services" means those products and services that can be provided only by or under the supervision or prescription of licensed healthcare professionals.~~

5. **Medical Director Fee:** \$2,500 per month

MEDICAL SERVICE MANAGER:

NEXTHEALTH FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

~~Attachment D – Exhibit A – 1~~

EXHIBIT B TO MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

~~_____~~, as a Covered Entity (“CE”) under the Privacy Rule, wishes to disclose certain information to ~~_____~~ in its role as a Business Associate (“BA”), some of which may constitute Protected Health Information (“PHI”). The purpose of this Agreement is to satisfy certain standards and requirements of the HIPAA Rules, including, but not limited to, Title 45, Section 164.504(e) of the Code of Federal Regulations (“CFR”) and Title 45 CFR Sections 164.308(b) and 164.314(a), as the same may be amended from time to time.

I- DEFINITIONS

~~Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Rules. In the event of a conflict between the definitions in this Agreement and the definitions in the HIPAA Rules, the definitions in the HIPAA Rules shall be applied.~~

~~Covered Entity shall generally have the same meaning as the term “covered entity” at 45 C.F.R. §160.103.~~

~~Business Associate shall generally have the same meaning as the term “business associate” at 45 C.F.R. §160.103.~~

~~Protected Health Information (“PHI”) includes electronic Protected Health Information and means any information, whether oral or recorded in any form or medium that:~~

- ~~a. Relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual;~~
- ~~b. Identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual; and~~
- ~~c. Is limited to the information created or received by BA from or on behalf of CE.~~

~~Electronic Protected Health Information (“e PHI”) is a subset of Protected Health Information and means PHI that is transmitted by or maintained in any electronic media.~~

~~Disclose means the release, transfer, provision of access to, or divulging in any other manner of PHI to parties outside the BA’s organization.~~

~~Use means the sharing, employment, application, utilization, examination, or analysis of PHI within the BA’s organization.~~

~~Secretary means the Secretary of Health and Human Services or any other officer or employee of HHS to whom the authority involved has been delegated.~~

~~Data aggregation means, with respect to PHI created or received by a BA in its capacity as a BA of a CE, the combining of such PHI by the BA with the PHI received by the BA in its capacity as a BA of another CE, to permit data analyses that relate to the health care operations of the respective covered entities.~~

~~Individual means the person who is the subject of PHI and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).~~

~~HIPAA Rules mean the Privacy, Security, Breach Notification and Enforcement Rules at 45 C.F.R. Part 160 and Part 164.~~

~~Required By Law means a mandate contained in law that compels a CE to make a use or disclosure of PHI and that is enforceable in a court of law.~~

~~Availability means that data or information is accessible and usable upon demand by an authorized person.~~

~~Confidentiality means that data or information is not made available or disclosed to unauthorized persons or processes.~~

~~Integrity means that data or information have not been altered or destroyed in an unauthorized~~

manner.

~~Security Incident means the successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.~~

~~HITECH means the Health Information Technology for Economic and Medical Director Health Act, found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005.~~

~~Unsecured PHI shall have the same definition that the Secretary gives the term in guidance issued pursuant to § 13402 of HITECH.~~

~~II. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE~~

- ~~1. Nondisclosure. BA shall not use or disclose CE's PHI otherwise than as permitted or required by this Agreement or as Required By Law.~~
- ~~2. Minimum Necessary. BA shall use or further disclose PHI only in the minimum amount and to the minimum number of individuals necessary to achieve the purpose of the services being rendered to or on behalf of CE, or otherwise in furtherance of the underlying Services Agreement between BA and CE.~~
- ~~3. Safeguards. BA shall use appropriate safeguards to prevent use or disclosure of CE's PHI otherwise than as provided for by this Agreement.~~
- ~~4. Reporting of Unauthorized Disclosures. BA shall report to CE any use or disclosure of CE's PHI not provided for by this Agreement of which BA becomes aware, including breaches of unsecured PHI as required at 45 C.F.R. §164.410 and any security incident of which it becomes aware.~~
- ~~5. Mitigation. BA shall mitigate, to the extent practicable, any harmful effect that is known to BA of a use or disclosure of PHI by BA in violation of the requirements of this Agreement.~~
- ~~6. BA's Agents. In accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, BA shall ensure that any agents, including subcontractors, that create, receive, maintain or transmit PHI on behalf of BA agree to the same restrictions, conditions and requirements that apply to the BA with respect to such information.~~
- ~~7. Access to PHI. BA shall provide access, at the request of CE, and in the time and manner designated by CE, to PHI to CE or, as directed by CE, to an Individual in order to meet the requirements under 45 CFR §164.524. This provision applies only to PHI received or created by BA pursuant to this Agreement if BA possesses such PHI.~~
- ~~8. Documentation of Disclosures. BA shall document such disclosures of PHI and information related to such disclosures as would be required for CE to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528.~~
- ~~9. Accounting of Disclosures. BA shall provide to CE, in time and manner designated by CE, information collected in accordance with Section 8 of this Agreement, to permit CE to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. Except in the case of a direct request from an Individual for an accounting related to treatment, payment, or operations disclosures through electronic health records, if the request for an accounting is delivered directly to BA or its agents or subcontractors, if any, BA shall within ten (10) business days of a request notify CE about such request. CE shall either request BA to provide such information directly to the Individual, or it shall request that the information be immediately forwarded to CE for compilation and distribution to such Individual. In the case of a direct request for an accounting from an Individual related to treatment, payment, or operations disclosures through electronic health records, BA shall provide such accounting to the Individual in accordance with HITECH § 13405(c). BA shall not disclose any PHI unless such disclosure is required by law or is in accordance with this Agreement. BA shall document such disclosures. Notwithstanding anything in the Agreement to the contrary, BA and any agents or subcontractors shall continue to maintain the information required for purposes of complying with this Section for a period of six (6) years after termination of the Agreement.~~

~~Attachment D—Exhibit B—2~~

- ~~10. **Amendment of PHI.** BA shall make any amendment(s) to PHI that the CE directs or agrees to pursuant to 45 CFR § 164.526 at the request of CE or an Individual, and in the time and manner designated by CE. This provision applies only to PHI received or created by BA pursuant to this Agreement if BA possesses such PHI.~~
- ~~11. **Internal Practices.** BA shall make its internal practices, books and records relating to the use and disclosure of PHI received from CE, or created or received by BA on behalf of CE, available to the CE, or to the Secretary, for purposes of the Secretary determining CE's compliance with the HHPAA Rules.~~
- ~~12. **Security of e PHI.** If BA creates, receives, maintains or transmits e PHI at any time during the term of this agreement, BA agrees to appropriately safeguard the e PHI as follows:
 - ~~a. **Safeguards.** Develop, implement, maintain, and use appropriate safeguards to prevent any use or disclosure of the PHI or e PHI other than as provided by this Agreement, and to implement administrative, physical, and technical safeguards as required by §164.308, 164.310, 164.312 and 164.316 and HITECH to protect the confidentiality, integrity, and availability of e PHI or PHI that BA creates, receives, maintains, or transmits, in the same manner that such sections apply to the CE. See HITECH § 13401;~~
 - ~~b. **Agents.** BA will ensure that any agent, including a subcontractor, to whom it provides e PHI agrees to implement reasonable and appropriate safeguards to protect it; and~~
 - ~~c. **Reporting.** BA will report to CE any Security Incident, of which BA becomes aware.~~~~
- ~~13. BA shall comply with any additional requirements of Title XIII of HITECH that relate to privacy and security and that are made applicable with respect to covered entities. See HITECH § 13401.~~
- ~~14. BA shall adopt the technology and methodology standards required in any guidance issued by the Secretary pursuant to HITECH §§ 13401-13402.~~
- ~~15. BA shall mitigate any harmful effect that is known to BA of a use or disclosure of PHI by BA in violation of the requirements of this Agreement and notify CE of any breach of Unsecured PHI, as required under HITECH § 13402.~~
- ~~16. In the case of a breach of Unsecured PHI, the BA shall, promptly following the discovery of a breach of such information, notify CE of such breach. The notice shall include the identification of each individual whose Unsecured PHI has been, or is reasonably believed by the BA to have been, accessed, acquired, or disclosed during the breach.~~
- ~~17. BA shall be solely responsible for the cost of the required reporting, notification or mitigation associated with BA's breach of Unsecured PHI. Further, BA shall reimburse CE for any costs CE incurs as a result of assisting BA with BA's requirements as a result of a breach of Unsecured PHI.~~
- ~~18. BA shall enter into an agreement with each of its subcontractors pursuant to 45 CFR § 164.308(b)(1) and HITECH § 13401 that is appropriate and sufficient to require each such subcontractor to protect PHI to the same extent required by BA hereunder.~~
- ~~19. BA shall along with its agents or subcontractors, if any, only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure. BA agrees to comply with the Secretary's guidance on what constitutes "minimum necessary". See HITECH § 13405.~~
- ~~20. BA shall take reasonable steps to cure the breach or end the violation if BA knows of a pattern of activity or practice by CE that constitutes a material breach or violation of CE's obligations under this Agreement. If such steps are unsuccessful within a period of 30 days, BA will either: 1) terminate the Agreement, if feasible; or 2) report the problem to the Secretary. See HITECH § 13404(b).~~

~~III. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE~~

- ~~1. Permitted Uses and Disclosures. Except as otherwise limited in this Agreement, BA may use or disclose PHI to perform necessary functions, activities, or services for, or on behalf of CE, provided such use or disclosure would not violate the HIPAA Rules if done by the CE.~~
- ~~2. Use for Management and Administration. Except as otherwise limited in this Agreement, BA may use PHI for the proper management and administration of the BA or to carry out the legal responsibilities of the BA.~~
- ~~3. Disclosure for Management and Administration. Except as otherwise limited in this Agreement, BA may disclose PHI for the proper management and administration of the BA or to carry out the legal responsibilities of the BA, provided that:
 - ~~a. Disclosures are required by law; or~~
 - ~~b. BA obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and~~
 - ~~c. The person notifies the BA of any instances of which it is aware in which the confidentiality of the information has been breached.~~~~
- ~~4. Data Aggregation. Except as otherwise limited in this Agreement, BA may use PHI to provide Data Aggregation services to CE relating to the health care operations of the CE.~~
- ~~5. Report Violations of Law. Except as otherwise limited in this Agreement, BA may use PHI to report violations of law appropriate to federal and state authorities consistent with 45 CFR §164.502(j)(1).~~

~~IV. OBLIGATIONS OF COVERED ENTITY~~

- ~~1. Changes in permission. CE shall notify BA of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect BA's use or disclosure of PHI.~~
- ~~2. Notification of Restrictions. CE shall notify BA of any restriction to the use or disclosure of PHI that CE has agreed to or must comply with in accordance with 45 CFR § 164.522 and/or HITECH §13405(a), to the extent that such restriction may affect BA's use or disclosure of PHI.~~

~~V. PERMISSIBLE REQUESTS BY COVERED ENTITY~~

- ~~1. Requests by Covered Entity. CE shall not request BA to use or disclose PHI in any manner that would not be permissible under the HIPAA Rules if done by CE.~~
- ~~2. Audits, Inspection and Enforcement. From time to time upon reasonable notice, CE may inspect the facilities, systems, books and records of BA to monitor compliance with this Agreement. BA shall promptly remedy any violation of any term of this Agreement and shall certify the same to CE in writing. The fact that CE inspects, fails to inspect, or has the right to inspect BA's facilities, systems and procedures does not relieve BA of its responsibility to comply with this Agreement, nor does CE's (i) failure to detect or (ii) detection of a violation of any term of this Agreement.~~

~~VI. TERM AND TERMINATION~~

- ~~1. Term. The Term of this Agreement shall be effective as of _____, and shall terminate when all of the PHI provided by CE to BA, or created or received by BA on behalf of CE, is destroyed or returned to the CE, or if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance the termination provisions in this Section.~~

2. ~~Termination for Cause. Upon CE's knowledge of a material breach by BA, CE shall either:

 - a. provide an opportunity for BA to cure the breach or end the violation and if BA does not cure the breach or end the violation within the time specified by CE, terminate this Agreement;
 - b. immediately terminate this Agreement if BA has breached a material term of this Agreement and cure is not possible; or
 - c. report the violation to the Secretary if neither cure of the breach nor termination of this Agreement is feasible.~~
3. ~~Effect of Termination. Except as provided in paragraph (4) of this section, upon termination of this Agreement, for any reason, BA shall return or destroy all PHI received from CE, or created or received by BA on behalf of CE. This provision shall apply to PHI that is in the possession of subcontractors or agents of BA. BA shall retain no copies of the PHI.~~
4. ~~Return or Destruction of PHI Not Feasible. In the event that BA determines that returning or destroying PHI is not feasible, BA shall notify CE in writing of the conditions that make return or destruction infeasible. If return or destruction of the PHI is infeasible, BA shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as BA maintains such PHI.~~

~~VII. MISCELLANEOUS~~

1. ~~Regulatory References. A reference in this Agreement to a section in the HIPAA Rules and HITECH means the section as in effect or as amended, and for which compliance is required.~~
2. ~~Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time for CE to comply with the requirements of the HIPAA Rules.~~
3. ~~Survival. The respective rights and obligations of BA under Section VI.3. and VI.4. of this Agreement shall survive the termination of this Agreement.~~
4. ~~Interpretation. This Agreement shall be interpreted as broadly as necessary to implement and comply with the HIPAA Rules and applicable state laws. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that permits CE to comply with the HIPAA Rules and applicable state laws.~~
5. ~~Assistance in Litigation or Administrative Proceedings. BA shall make itself, and any subcontractors, employees or agents assisting BA in the performance of its obligations under this Agreement, available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon claimed violation of the Privacy Rule, except where BA or its subcontractor, employee or agent is a named adverse party.~~

~~IN WITNESS WHEREOF, the parties have executed this Business Associate Agreement on the dates set forth with their respective signatures, below.~~

FRANCHISOR

FRANCHISEE

Dated: _____, 20____

By: _____

[Printed Name]

Its: _____ Title

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

Associate]>>

{

By: <<Principal Operator>>
<<Position>> of
<<Entity Name of Business

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Dated: _____, 20__

By: _____

[Printed Name]

Its:- [Title]

NEXT | HEALTH

~~NEXT HEALTH FRANCHISING~~ NEXT HEALTH FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

~~AREA DEVELOPMENT AGREEMENT~~

DEVELOPER: _____

~~Development~~ SITE SELECTION **AREA:** _____

EFFECTIVE DATE: _____



AREA DEVELOPMENT AGREEMENT

DATA SHEET Section

Page

1. Effective Date of Agreement: Recitals

1

2. Developer:

Name:	
Address:	
Attention:	
Email Address:	
Phone:	
Type of Entity:	
Date of Formation:	
State of Formation:	

3. Developer Owners:

Name	Address	Type of Interest	Percentage Held

4. Development Fee. ~~[50% of the initial franchise fee payable under each Franchise Agreement that is to be executed pursuant to the Agreement.]~~

5. Development Area:

I. The geographic area within Development Rights, as depicted on the following map: 1
[insert map]

If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

6. Development Schedule.

<u>Development Period</u>	<u>Leases Executed During Development Period*</u>	<u>Leases Executed by End of Development Period*</u>	<u>NextHealth Centers Opened During Development Period</u>	<u>NextHealth Centers Operating by End of Development Period</u>
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____

* To satisfy this requirement, we must have received, by the end of the Development Period, a fully executed (by all parties) copy of the Lease (together with all exhibits) that we have approved in accordance with the applicable Franchise Agreement.

7. Additional Terms or Modifications to The Agreement. The following terms, if any, supplement or amend the provisions of the Area Development Agreement Terms attached hereto and will control in the event of any conflicts:
[insert as applicable]

8. Acknowledgement and Acceptance of Agreement. By signing below, you represent and warrant to us that the information contained in this Data Sheet is true and correct. The parties, intending to be legally bound, accept and agree that this Data Sheet and the accompanying Area Development Terms (together, the “**Agreement**”) describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.

NEXT HEALTH FRANCHISING LLC, a Delaware limited liability company

DEVELOPER:

[Name]

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

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



AREA DEVELOPMENT AGREEMENT TERMS

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NEXT HEALTH

AREA DEVELOPMENT AGREEMENT TERMS

®

AREA DEVELOPMENT AGREEMENT TERMS

The following ~~THIS~~ AREA DEVELOPMENT AGREEMENT ~~Terms (these “Terms”)~~ form an integral part of the Agreement between ~~NEXT HEALTH FRANCHISING~~ is made and entered into on the date specified on Appendix I (the “Effective Date”) by and between Next Health Franchising, LLC, a Delaware limited liability company ~~having, with its address~~ principal place of business at 8560 West Sunset Boulevard, Suite 650, West Hollywood, California ~~CA~~ 90069 (“~~us~~ hereinafter referred to as “Franchisor”); and the party ~~signing the attached Data Sheet as the~~ “listed on Appendix I to this Agreement (hereinafter referred to as “Area Developer” (“you”).

1. PREAMBLES.

RECITALS

A. BACKGROUND.

~~We~~ WHEREAS, Franchisor grant franchises for the development, ownership and operation of businesses that are currently identified by the trademark “NEXT NextHEALTH®” and other related trademarks and service marks (together, with such other trademarks, service marks, trade names, and commercial symbols ~~we~~ Franchisor periodically designate, the “Marks”) and that provide certain nonmedical services and provide or facilitate the provision of health, wellness, medical, aesthetic and related services, products and treatments with the goal of promoting health optimization and longevity (each a “Next NextHealth Center”). Next NextHealth Centers are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, each of which ~~we~~ Franchisor may replace, further develop, or otherwise modify or discontinue from time to time (collectively, the “System”).

WHEREAS, ~~B~~ based on ~~your~~ Area Developer’s own investigation and diligence, ~~you have~~ Area Developer has requested that ~~we~~ Franchisor grant ~~you~~ Area Developer the right to acquire multiple franchises (each a “Franchise”) for the development and operation of NextHealth Centers (the “Development Rights”) and, to support ~~your~~ Area Developer’s request, ~~you~~ Area Developer and, as applicable, ~~your~~ Area Developer’s owners ~~have, has~~ provided ~~us~~ Franchisor with certain information about ~~your and their~~ Area Developer and its background, experience, skills, financial condition and resources (collectively, the “Application Materials”). In reliance on, among other things, the Application Materials, ~~we are~~ Franchisor is willing to grant ~~you~~ Area Developer the Development Rights on the terms and conditions contained in the Agreement. NextHealth Centers that ~~you or your~~ Area Developer or Area Developer’s Affiliates own pursuant to Franchise Agreements and signed pursuant to the Agreement are referred to as the “Centers.”

B. BUSINESS ENTITY.

~~If you are~~ WHEREAS, if Area Developer is a business organization such as a corporation, limited liability company or partnership (a “Business Entity”), ~~you~~ Area Developer agrees, represents and warrants to ~~us~~ Franchisor that: (1) ~~you were~~ Area Developer was validly formed and ~~are~~ is and in each jurisdiction included in the ~~Development~~ Site Selection Area ~~you, Area Developer~~ will maintain, throughout the Term (defined below), ~~your~~ Area Developer’s existence and good standing under the laws of the state of ~~your~~ Area Developer’s formation and remains qualified to conduct business in the state in which ~~you~~ Area Developer operates ~~your~~ Area Developer’s Center; (2) ~~the attached Data Sheet in Appendix I~~ accurately reflects information regarding all of

~~you~~Area Developer's owners and their interests in ~~you~~Area Developer as of the Effective Date; (3) each of ~~you~~Area Developer's owners that has direct or indirect ownership interests in ~~you~~Area Developer (each a "Owner") will sign and deliver to ~~us~~~~our~~Franchisor Franchisor's then-standard form of Guaranty and Assumption of Obligations (the "Guaranty"); (4) ~~you~~Area Developer will designate, subject to ~~our~~Franchisor's approval, one of ~~you~~Area Developer's Owners who is a natural person and who will have the authority of a chief executive officer who is and will be authorized, on ~~you~~Area Developer's behalf, to deal with ~~us~~Franchisor in all matters that arise in respect of ~~you~~(~~or you~~Area Developer's (or Area Developer's approved Affiliates²) Centers; (5) the only business that ~~you~~Area Developer will own or operate during the Term will be the activities described in the Agreement and the ownership and operation of any Centers pursuant to franchise agreements with ~~us~~Franchisor; and (6) at ~~our~~Franchisor's request, ~~you~~Area Developer will furnish ~~us~~Franchisor with true and correct copies of all documents regarding ~~you~~Area Developer's formation, existence, standing, and governance. ~~Our~~Franchisor's current form of Guaranty is attached hereto as Attachment A Appendix II. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

C. YOUR LIQUIDITY.

~~We have~~WHEREAS, Franchisor has granted the Development Rights to ~~you~~Area Developer based, in part, on ~~you~~Area Developer's representations to ~~us~~Franchisor regarding, and ~~our~~Franchisor's assessment of, ~~you~~Area Developer's liquidity as of the Effective Date. ~~You~~Area Developer will ensure that, throughout the Term, ~~you~~Area Developer will maintain sufficient liquidity to meet ~~you~~Area Developer's obligations under the Agreement. ~~We~~Franchisor reserves the right to establish and modify specific liquidity thresholds from time to time, and ~~you~~Area Developer agree to comply with such minimum liquidity requirements that ~~we~~Franchisor reasonably impose.

2. I. THE DEVELOPMENT RIGHTS:

A. GRANT:

~~We~~1.1 Grant. Franchisor hereby grants ~~you~~Area Developer the Development Rights, which must be exercised in strict compliance with these Terms. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Center which is required to be opened in order to satisfy the Development Schedule shown ~~on the attached Data Sheet in Appendix I~~ (the "Development Schedule") opens for regular business or (2) the last day of the last Development Period (defined below) (the "Term"). ~~You~~Area Developer accepts the grant of the Development Rights and agree to, at all times, faithfully, honestly, and diligently perform ~~you~~Area Developer's obligations under the Agreement and fully exploit the Development Rights during the Term and throughout the entire ~~Development Site Selection~~ Area identified ~~on the attached Data Sheet in Appendix I~~ (the "Development Site Selection Area"). ~~You~~Area Developer must perform all of ~~you~~Area Developer's obligations under the Agreement, and ~~you~~Area Developer may not subcontract or delegate any of those obligations to any third (3rd) parties.

B. DEVELOPMENT 1.2 Site Selection Area AND Reservation of Rights.

The Development Rights may only be exercised with respect to ~~Next~~ NextHealth Centers to be located in the ~~Development Site Selection~~ Area. As long as ~~you are~~Area Developer is in compliance with these Terms and except as described below, ~~we~~Franchisor will not operate, or grant a license to a ~~third party~~third (3rd) party to operate, during the Term, to operate a ~~Next~~ NextHealth Center located within the ~~Development Site Selection~~ Area, or grant Development Rights to anyone else to develop ~~Next~~ NextHealth Centers within ~~you~~Area Developer's ~~Site Selection~~ Area.

Notwithstanding the foregoing, ~~we~~Franchisor and ~~our~~Franchisor's Affiliates have and retain all rights within and outside the ~~Development~~Site Selection Area that are not expressly and exclusively granted to ~~you~~Area Developer under ~~the~~this Agreement and the right to do anything that ~~we~~Franchisor have not, in the Agreement, expressly agreed not to do, including the right to do and to authorize others to do the following:

~~(1)~~1.2.1 own and operate, and license others to own and operate, any business (including ~~Next~~NextHealth Centers) using the System Standards (as defined in ~~Section 2.D~~Section 2.4) and the Marks, at any location outside the ~~Development~~Site Selection Area on such terms and conditions ~~we~~Franchisor deem appropriate;

~~(2)~~1.2.2 develop or become associated with other businesses, including other health and wellness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the ~~Development~~Site Selection Area;

~~(3)~~1.2.3 acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and (i) convert the other businesses to ~~Next~~NextHealth Centers, and/or (ii) permit the other businesses to continue to operate under another name;

~~(4)~~1.2.4 market, offer and sell products and services similar to those offered by ~~Next~~NextHealth Centers under a trademark or trademarks other than the Marks at any location, both within and outside the ~~Development~~Site Selection Area;

~~(5)~~1.2.5 market and sell, and grant to others the right to market and sell, products and services that are authorized for sale at ~~Next~~NextHealth Centers through alternative channels of distribution (like mail order, e-commerce and catalog sales, and product lines in other businesses) using the Marks or other trademarks and commercial symbols; and

~~(6)~~1.2.6 open and operate, or license third ~~(3rd)~~ parties the right to open or operate, Special Venue Locations at both within and outside the ~~Development~~Site Selection Area. "Special Venue Locations" are ~~Next~~NextHealth Centers located in transportation facilities (such as airports, train stations, etc.), sports arenas, entertainment facilities, and any captive location whose retail operations is controlled by a third ~~(3rd)~~ party or in ~~our~~Franchisor's judgment should be operated by a third ~~(3rd)~~ party.

~~C-~~1.3 Development Schedule.

Each period described in the Development Schedule is a "Development Period." ~~You or your~~Area Developer or Area Developer's approved Affiliates must deliver to ~~us~~Franchisor a fully executed lease (or otherwise secure possession of the premises), and open and operate Centers in the ~~Development~~Site Selection Area, each pursuant to a written franchise agreement and related agreements signed by ~~us~~Franchisor and a franchisee (each a "Franchise Agreement"), as necessary to satisfy the requirements of each Development Period, but ~~you~~Area Developer shall not be required to open, in total, more than the cumulative number of Centers shown for the last Development Period. The Development Schedule is not ~~our~~Franchisor's representation, express or implied, that the ~~Development~~Site Selection Area can support, or that there are or will be sufficient sites for, the number of Centers specified in the Development Schedule or during any particular Development Period. ~~We~~Franchisor are relying on ~~your~~Area Developer's knowledge and expertise of the ~~Development~~Site Selection Area and ~~your~~Area Developer's representation that ~~you~~Area Developer have conducted ~~your~~Area Developer's own independent investigation and have determined that ~~you~~Area Developer can satisfy the development obligations under each Development Period of the Development Schedule.

D. LOCATING PREMISES FOR CENTERS.

1.4 Locating Premises For Centers. Despite any assistance ~~we~~Franchisor may provide, ~~you are~~Area Developer is entirely responsible for locating and presenting to ~~us~~Franchisor proposed premises for Centers in the ~~Development~~Site Selection Area as necessary to comply with the Development Schedule (“Premises”). ~~You~~Area Developer agrees to give ~~us~~Franchisor all information and materials ~~we~~Franchisor request to assess each proposed Premises as well as ~~your and your~~Area Developer’s and Area Developer’s proposed Affiliate’s financial and operational ability to develop and operate a Center at the proposed Premises. ~~We have~~Franchisor ~~has~~ the absolute right to reject any proposed premises or any Affiliate (a) that does not meet ~~our~~Franchisor’s criteria or (b) if ~~you or your~~Area Developer or Area Developer’s Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to the Agreement or operating ~~your~~Area Developer’s or their Centers in compliance with the mandatory specifications, standards, operating procedures and rules that ~~we~~Franchisor periodically prescribe for operating Centers (the “System Standards”). If ~~we~~Franchisor accept a proposed Premises, ~~you or your~~Area Developer or Area Developer’s approved Affiliate must sign a separate Franchise Agreement for the Premises within fifteen (15) days after ~~we~~Franchisor provide ~~you~~Area Developer with an execution copy of the Franchise Agreement, failing which, ~~we~~Franchisor may withdraw ~~our~~Franchisor’s acceptance.

E. 1.5 Execution of Franchise Agreements.

Simultaneously with signing the Agreement, ~~you~~Area Developer or an Affiliate ~~we~~Franchisor approves, must sign and deliver to ~~us~~Franchisor a Franchise Agreement and related documents representing the first (1st) Franchise ~~you~~Agreement are obligated to acquire under the Agreement. ~~You or your~~Area Developer or Area Developer’s approved Affiliate must thereafter open and operate a Center according to the terms of that Franchise Agreement. Thereafter, once ~~we have~~Franchisor ~~has~~ accepted a Premises, and prior to signing a lease or to otherwise securing possession of the Premises, ~~you~~Area Developer, or an Affiliate ~~we~~Franchisor approved, must sign ~~our~~Franchisor’s then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the form of Franchise Agreement ~~we are~~Franchisor is using to grant Franchises on the Effective Date. Each Franchise Agreement will govern the development and operation of the Center at the accepted Premises identified therein.

F. 1.6 No License to the Marks.

Notwithstanding any provision to the contrary under the Agreement, the Agreement does not grant ~~you~~Area Developer (or any of ~~your~~Area Developer’s Affiliates) any right to use the Marks. The right to use the Marks is granted only under Franchise Agreements. ~~You (and your~~Area Developer (and Area Developer’s Affiliates) may not use any Mark as part of any corporate or trade name or as ~~your~~Area Developer’s (or their) primary business name or with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified forms.

3. II. DEVELOPMENT FEE.

In addition to paying the Initial Franchise Fee due under the first (1st) Franchise Agreement referenced in ~~Section 2.C, you~~Section 1.3, Area Developer must pay ~~us, on your~~Franchisor, on Area Developer’s execution of the Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable Development Fee as shown ~~on the attached Data Sheet in Appendix I~~ (the “Development Fee”). ~~We~~ Franchisor will apply the Development Fee as a credit against the initial franchise fee due under each Franchise Agreement which ~~you or your~~Area Developer or Area Developer’s Affiliates execute pursuant to the

Agreement, subject to a maximum credit under any Franchise Agreement equal to fifty percent (50%) of the initial franchise fee payable under such Franchise Agreement and a maximum credit for all such Franchise Agreements, in the aggregate, equal to the total Development Fee.

4-III. RECORDS ~~AND~~ REPORTING REQUIREMENTS.

~~You~~Area Developer agrees, during the Term, to maintain records regarding ~~your~~Area Developer's activities in connection with the exercise of the Development Rights and to provide ~~us~~Franchisor with the following records and reports:

~~(1)-~~3.1 within ten (10) days after the end of each month during the Term, ~~you~~Area Developer must send ~~us~~Franchisor a report of ~~your~~Area Developer's business activities during that month, including information about ~~your~~Area Developer's efforts to find sites for Centers in the DevelopmentSite Selection Area and the status of development and projected opening for each Center under development in the DevelopmentSite Selection Area;

~~(2)-~~3.2 within thirty (30) days after the end of each calendar quarter, ~~you~~Area Developer must provide ~~us~~Franchisor with a balance sheet and profit and loss statement (using ~~our~~Franchisor's standard chart of accounts) for ~~you and your~~Area Developer and Area Developer's Affiliates covering that quarter and the year-to-date, and an updated balance sheet for each person or entity signing the Guaranty; and

~~(3)-~~3.3 such other data, reports, information, financial statements, and supporting records as ~~we~~Franchisor reasonably request from time to time.

5-IV. TRANSFER.

A. BY US.

~~We have~~4.1 By Franchisor. Franchisor has the right to delegate the performance of any portion or all of ~~our~~Franchisor's rights and obligations under the Agreement to ~~third-party~~third (3rd) party designees. ~~You~~Area Developer represent that ~~you have~~Area Developer has not signed the Agreement in reliance on any particular person or entity remaining with ~~us~~Franchisor in any capacity. ~~We~~Franchisor may change ~~our~~Franchisor's ownership or form or assign the Agreement and any other agreement to a third (3rd) party without restriction.

B. BY YOU OR YOUR OWNERS.

~~Your~~4.2 By Area Developer or Area Developer's Owners. Area Developer's rights and duties under the Agreement are personal to ~~you~~Area Developer (or ~~your~~Area Developer's owners if ~~you~~Area Developer are a Business Entity), and ~~we have~~Franchisor has granted ~~you~~Area Developer the Development Rights in reliance upon ~~our~~Franchisor's assessment of ~~your (or your~~Area Developer's (or Area Developer's owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither ~~you~~Area Developer nor any of ~~your~~Area Developer's owners, nor any of ~~your~~Area Developer's or their permitted successors or assigns, may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber the Agreement (or any direct or indirect interest in the Agreement), the Development Rights, or any direct or indirect ownership interest in ~~you~~Area Developer (regardless of its size) (each, a "**Transfer**"), without ~~our~~Franchisor's prior written consent. Any Transfer without ~~our~~Franchisor's prior written approval is a material breach of the Agreement and has no effect.

If ~~you~~Area Developer intends to list ~~your~~Area Developer's Development Rights for sale with any

broker or agent, ~~you~~ Area Developer shall do so only after obtaining ~~our~~ Franchisor's written approval of the broker or agent and of the listing agreement and any advertising materials. ~~You~~ Area Developer may not use any Mark in advertising the transfer or sale of ~~your~~ Area Developer's Development Rights or of any ownership in ~~you~~ Area Developer without ~~our~~ Franchisor's prior written consent.

C-4.3 Conditions for Approval of Transfer.

~~Franchisor~~ We may consider, and ~~you~~ Area Developer will provide or assist ~~us~~ Franchisor in compiling, any information ~~we~~ Franchisor deems necessary or appropriate in connection with ~~our~~ Franchisor's assessment of a proposed Transfer. If ~~we~~ Franchisor elects to approve a proposed Transfer, ~~we~~ Franchisor may, at ~~our~~ Franchisor's discretion, condition ~~our~~ Franchisor's approval in any manner ~~we~~ Franchisor deems necessary and appropriate to protect the Next Health brand and ~~our~~ Franchisor's interests in the System and the Agreement, including any of the following (each of which ~~you~~ Area Developer agree is reasonable):

(1) ~~you~~ 4.3.1 Area Developer and any person or entity obligated under the Agreement or Guaranty must be in compliance with ~~your~~ Area Developer's or its obligations;

(2) ~~you~~ 4.3.2 Area Developer and the proposed transferee and its owners (if the transferee is a Business Entity) must provide all information and documents ~~we~~ Franchisor request regarding the Transfer and the proposed transferee and its owners or Affiliates;

(3) ~~you~~ 4.3.3 Area Developer must provide ~~us~~ Franchisor with executed versions of any relevant documents to ~~ea~~ ffect the Transfer, and all other information ~~we~~ Franchisor request about the proposed Transfer;

(4) 4.3.4 if ~~you~~ Area Developer or the transferor offer the transferee financing for any part of the purchase price, all of the transferee's obligations under promissory notes, agreements, or security interests reserved in ~~your~~ Area Developer's Development Rights must be subordinate to the transferee's obligation to pay all amounts due to ~~us, our~~ Franchisor, Franchisor's Affiliates, and third (3rd) party vendors and otherwise agree to comply with the Agreement (or any applicable Franchise Agreement with ~~us~~ Franchisor);

(5) ~~you~~ 4.3.5 Area Developer (and ~~your~~ Area Developer's owner(s)) must sign a general release, in a form satisfactory to ~~us~~ Franchisor, of any and all claims against ~~us and our~~ Franchisor and Franchisor's shareholders, officers, directors, employees and agents;

(6) ~~you (and your~~ 4.3.6 Area Developer (and Area Developer's transferring owner(s)) (and ~~your~~ Area Developer's or their immediate family members) must sign a non-competition covenant in favor of ~~us~~ Franchisor, commencing on the effective date of the Transfer and consistent with the post-term non-competition obligations contained in the most recent Franchise Agreement that ~~you or your~~ Area Developer or Area Developer's Affiliates have signed with ~~us~~ Franchisor;

(7) ~~you~~ 4.3.7 Area Developer must pay all amounts owed to ~~us, our~~ Franchisor, Franchisor's Affiliates, and ~~third party~~ third (3rd) party vendors and must have submitted all required reports and statements under the Agreement and any Franchise Agreement with ~~us~~ Franchisor;

(8) ~~you and your~~ 4.3.8 Area Developer and Area Developer's owners must not have violated any provision of the Agreement or any other agreement with ~~us or our~~ Franchisor or Franchisor's Affiliates

during both the sixty (60-) day period before youArea Developer requested ~~our~~Franchisor's consent to the Transfer and the period between youArea Developer's request and the effective date of the Transfer;

~~(9)~~4.3.9 the transferee, at ~~our~~Franchisor's request, must sign ~~our~~Franchisor's then-current form of aArea dDevelopment aAgreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in the Agreement;

~~(10)~~you4.3.10 Area Developer must pay or cause to be paid to usFranchisor a Transfer fee in an amount equal to twenty thousand dollars (\$20,000)outlined in Appendix I; and

~~(11)~~4.3.11 the Transfer of the Agreement must not be made separate and apart from the Transfer to the same transferee of all Franchise Agreements that were signed pursuant to the Agreement.

D-4.4 Effect of Consent to Transfer.

Franchisor's ~~Our~~ consent to a Transfer is not a representation of the fairness of the terms of any contract between youArea Developer and the transferee or transferee's prospects of success, or a waiver of any claims weFranchisor have against youArea Developer (or youArea Developer's owners) or of ~~our~~Franchisor's right to demand full compliance by youArea Developer and the transferee with the Agreement.

E-4.5 Public or Private Offerings.

Written information used to raise or secure funds can reflect upon usFranchisor and the System. YouArea Developer agrees to submit any written information intended to be used for that purpose to usFranchisor before inclusion in any registration statement, prospectus or similar offering memorandum. Should weFranchisor object to any reference to ~~us or our~~Franchisor or Franchisor's Affiliates or any of ~~our~~Franchisor's business in the offering literature or prospectus, the literature or prospectus shall not be used until ~~our~~Franchisor's objections are addressed to ~~our~~Franchisor's satisfaction or withdrawn. YouArea Developer may not engage in a public offering of securities without ~~our~~Franchisor's prior written consent.

F-OUR RIGHT OF FIRST REFUSAL.

If you (or any of your4.6 Franchisor's Right of First (1st) Refusal. If Area Developer (or any of Area Developer's owners) desires to engage in a Transfer, youArea Developer (or youArea Developer's owners) agree to obtain from a responsible and fully disclosed buyer, and send usFranchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in youArea Developer or in the Agreement and youArea Developer's Development Rights. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the entire proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. WeFranchisor may require youArea Developer (or youArea Developer's owners) to send usFranchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within thirty (30) days after weFranchisor receive an exact copy of the bona fide offer and all relevant information weFranchisor request, weFranchisor may, by written notice delivered to ~~you or your~~Area Developer or Area Developer's selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. WeFranchisor may substitute any form of payment proposed in the offer as acceptable consideration. If weFranchisor exercise ~~our~~Franchisor's right of first (1st) refusal, weFranchisor will have thirty (30) days from the date weFranchisor notified ~~you of our~~Area Developer of Franchisor's intended

purchase. ~~You and your~~ Area Developer and Area Developer's owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, and ~~you and your~~ Area Developer and Area Developer's selling owner(s) (and ~~you~~ Area Developer's and their immediate family members) must comply with the obligations regarding Competitive Businesses, as described in the Franchise Agreements executed pursuant to the Agreement, as though such Franchise Agreements had expired on the date of the purchase. ~~We have~~ Franchisor has the unrestricted right to assign this right of first (1st) refusal to a third (3rd) party, who then will have the rights described in this ~~Section 5.F.~~ Section 4.6.

If ~~we do~~ Franchisor does not exercise ~~our~~ Franchisor's right of first (1st) refusal, ~~you or your~~ Area Developer or Area Developer's owners may complete the sale to the proposed buyer on the original offer's terms, but only if ~~we~~ Franchisor otherwise approve the Transfer in accordance with, and ~~you~~ Area Developer (and ~~your~~ Area Developer's owners) and the transferee comply with the conditions in, ~~Sections 5.B and 5.C~~ Sections 4.2 and 4.3 above. If ~~you~~ Area Developer do not complete the sale to the proposed buyer within ~~sixty~~ (60) days after either ~~we~~ Franchisor notify ~~you~~ Area Developer that ~~we do~~ Franchisor does not intend to exercise ~~our~~ Franchisor's right of first (1st) refusal or the time ~~our~~ Franchisor's exercise expires, or if there is a material change in the terms of the sale (which ~~you~~ Area Developer agree to tell ~~us~~ Franchisor promptly), ~~we or~~ ~~our~~ Franchisor or Franchisor's designee will have an additional right of first (1st) refusal during the ~~thirty~~ (30-) day period following either the expiration of the ~~sixty~~ (60-) day period or ~~our~~ Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at ~~our or~~ ~~our~~ Franchisor's or Franchisor's designee's option.

~~6.V.~~ TERMINATION OF AGREEMENT:

~~A. BY YOU.~~

~~If you and your~~ 5.1 By Area Developer. If Area Developer and Area Developer's owners are fully complying with the Agreement and ~~we~~ Franchisor materially fails to comply with the Agreement and do not correct the failure within ~~thirty~~ (30) days after ~~you~~ Area Developer delivers written notice of the material failure to ~~us~~ Franchisor or if ~~we~~ Franchisor cannot correct the failure within ~~thirty~~ (30) days and ~~we~~ Franchisor fails to give ~~you~~ Area Developer within ~~thirty~~ (30) days after ~~your~~ Area Developer's notice reasonable evidence of ~~our~~ Franchisor's effort to correct the failure within a reasonable time, ~~you~~ Area Developer may terminate the Agreement effective an additional ~~thirty~~ (30) days after ~~you~~ Area Developer deliver to ~~us~~ Franchisor written notice of termination. ~~Your~~ Area Developer's termination of the Agreement other than according to this ~~Section 6.A.~~ Section 5.1 will be deemed a termination without cause and a breach of the Agreement.

~~B. BY US.~~

~~We~~ 5.2 By Franchisor. Franchisor may terminate the Agreement, effective upon delivery of written notice to ~~you~~ Area Developer, if:

~~(1) you~~ 5.2.1 Area Developer (or any of ~~your~~ Area Developer's owners) ~~have~~ has made or make any material misrepresentation or omission in the Application Materials;

~~(2) you~~ 5.2.2 Area Developer fail to comply with the Development Schedule or fail to make progress in the development of Centers to indicate, in ~~our~~ Franchisor's determination, that ~~you~~ Area Developer will not be able to satisfy ~~your~~ Area Developer's development obligations under the Agreement for the then-current Development Period;

~~(3) you~~ 5.2.3 Area Developer (or any of ~~your~~ Area Developer's owners) make or attempt to make a Transfer without complying with the requirements of ~~Section 5~~ Section 4;

~~(4)~~you5.2.4 Area Developer (or any of ~~your~~Area Developer's owners) (a) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any provision of the Agreement or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under the Agreement, in either case, whether or not ~~we~~Franchisor notifies ~~you~~Area Developer of the failures, and, if ~~we do~~Franchisor does notify ~~you~~Area Developer of the failures, whether or not ~~you~~Area Developer correct the failures after ~~our~~Franchisor's delivery of notice to ~~you~~Area Developer;

~~(5)~~you5.2.5 Area Developer (or any of ~~your~~Area Developer's owners) files a petition in bankruptcy or a petition in bankruptcy is filed against ~~you~~youArea Developer; Area Developer make an assignment for the benefit of creditors or admit in writing ~~your~~Area Developer's insolvency or inability to pay ~~your~~Area Developer's debts generally as they become due; ~~you~~Area Developer consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of ~~your~~Area Developer's property; any of ~~your or~~yourArea Developer's or Area Developer's Affiliates' Centers are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of ~~your or your~~Area Developer's or Area Developer's Affiliates' Centers are not vacated within thirty (30) days following the order's entry;

~~(6)~~you5.2.6 Area Developer (or any of ~~your~~Area Developer's owners) fails to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

~~(7)~~you5.2.7 Area Developer (or any of ~~your~~Area Developer's owners) fails to comply with any other provision of the Agreement and do not correct the failure within thirty (30) days after ~~we~~Franchisor deliver written notice of the failure to ~~you~~Area Developer;

~~(8)~~you5.2.8 Area Developer or a Guarantor or an Affiliate fails to comply with any other agreement with ~~us or our~~Franchisor or Franchisor's Affiliate, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement); or

~~(9)~~you5.2.9 Area Developer (or any of ~~your~~Area Developer's owners) engages in any conduct which, in ~~our~~Franchisor's opinion, adversely affects the reputation of any Next ~~Next~~Health Centers or the goodwill associated with the Marks.

~~7-~~VI. RIGHTS ~~AND~~ OBLIGATIONS ON TERMINATION OR EXPIRATION OF THE AGREEMENT:

~~A.~~ YOUR OBLIGATIONS.

~~You~~6.1 Area Developer's Obligations. Area Developer and, as applicable, ~~your~~Area Developer's owners and all such other persons or Business Entities who are bound under the terms of the Agreement must immediately upon the expiration or termination of the Agreement, cease to directly or indirectly exercise or attempt to exercise any of the rights granted to ~~you~~Area Developer under the Agreement, comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of the Agreement, and refrain from interfering or attempting to interfere with ~~our or our~~Franchisor's or Franchisor's Affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.

B-6.2 Continuing Obligations.

All of ~~our and your~~ (and ~~your~~ Franchisor's and Area Developer's (and Area Developer's owners') obligations which expressly or by their nature survive the Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including, without limitation, all obligations relating to indemnification.

8-VII. RELATIONSHIP OF THE PARTIES / INDEMNIFICATION.

A-7.1 Independent Contractors.

The Agreement does not create a fiduciary relationship between ~~you and us~~. ~~You and we~~ Area Developer and Franchisor. Area Developer and Franchisor are and will be independent contractors, and nothing in the Agreement is intended to make either ~~you~~ Area Developer or ~~us~~ Franchisor a general or special agent, joint venturer, partner, or employee of the other for any purpose. ~~You~~ Area Developer agrees to identify ~~yourself~~ Area Developer's conspicuously in all dealings with customers, vendors, public officials, ~~your~~ Area Developer's personnel, and others as the owner of ~~your~~ Area Developer's business under a franchise ~~we have~~ Franchisor has granted and to place notices of independent ownership on the business cards, advertising, and other materials ~~we~~ Franchisor periodically require.

~~You~~ Area Developer also acknowledges that ~~you~~ Area Developer will have a contractual relationship only with ~~us~~ Franchisor and may look only to ~~us~~ Franchisor to perform under the Agreement. None of ~~our~~ Franchisor's Affiliates is a party to the Agreement and has no obligations under it. However, ~~our~~ Franchisor's Affiliate who is the owner of the Marks, ~~you and we~~ Area Developer and Franchisor agree that such Affiliate will be a ~~third party~~ third (3rd) party beneficiary of those provisions in the Agreement relating to use of the Marks, with the independent right to enforce such provisions against ~~you~~ Area Developer and to seek damages from ~~you for you~~ Area Developer for Area Developer's failure to comply with those provisions.

B. INDEMNIFICATION.

7.2 Indemnification. Area Developer agrees to indemnify, defend, and hold harmless ~~us~~, ~~our~~ Franchisor, Franchisor's Affiliates, and ~~our~~ Franchisor's and their respective owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one (1) or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business ~~you~~ Area Developer conducts under the Agreement, or ~~your~~ Area Developer's breach of the Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at ~~your~~ Area Developer's expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third (3rd) party, or otherwise mitigate its losses and expenses, in order

to maintain and recover fully a claim against youArea Developer under this subparagraph. YouArea Developer agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from youArea Developer under this ~~Section 8.B.~~Section 7.2.

9. VIII. ENFORCEMENT.

A. ARBITRATION.

~~We and you~~8.1 Arbitration. Franchisor and Area Developer agree that all controversies, disputes, or claims between usFranchisor or any of ourFranchisor's Affiliates, and ourFranchisor's and their respective shareholders, officers, directors, agents, and employees, on the one hand, and youArea Developer (and youArea Developer's owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) the Agreement or any other agreement between youArea Developer (or any of youArea Developer's owners) and usFranchisor (or any of ourFranchisor's Affiliates); (2) ourFranchisor's relationship with youArea Developer; (3) the scope or validity of the Agreement or any other agreement between youArea Developer (or any of youArea Developer's owners) and usFranchisor (or any of ourFranchisor's Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which ~~we and you~~Franchisor and Area Developer acknowledges ~~is~~ to be determined by an arbitrator, not a court); or (4) any System Standards, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within fifty (50) miles of ourFranchisor's or, as applicable, ourFranchisor's successor's or assign's then current principal place of business (currently, West Hollywood, CaliforniaCA). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his-~~or~~/her awards any relief which he-~~or~~/she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by ~~us-or-our~~Franchisor or Franchisor's Affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (~~we~~Franchisor and youArea Developer hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

~~We~~Franchisor and youArea Developer agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. ~~We~~Franchisor and youArea Developer further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either youArea Developer or usFranchisor.

WEFRANCHISOR AND YOUAREA DEVELOPER AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN

USFRANCHISOR AND ANY OF OURFRANCHISOR'S AFFILIATES, OR OURFRANCHISOR'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOUAREA DEVELOPER (OR YOURAREA DEVELOPER'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED ~~THIRD PARTY~~THIRD (3rd) PARTY, OR (IV) BROUGHT ON YOURAREA DEVELOPER'S BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreement.

WeFranchisor and youArea Developer agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." ~~You and we~~Area Developer and Franchisor further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain ~~third~~(3rd) party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

Any provisions of the Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

~~B.~~ 8.2. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, the Agreement, the franchise and all claims arising from the relationship between usFranchisor and youArea Developer will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this ~~s~~Section, and (2) the enforceability of those provisions of the Agreement which relate to restrictions on ~~you and your~~Area Developer and Area Developer's owners' competitive activities will be governed by the laws of the state in which ~~your~~Area Developer's Site Selection Area is located.

~~C.~~ 8.3 Consent to Jurisdiction.

Subject to the obligation to arbitrate under Section ~~9-A~~8.1 above and the provisions below, ~~you and your~~Area Developer and Area Developer's owners agree that all actions arising under the Agreement or otherwise as a result of the relationship between youArea Developer and usFranchisor must be commenced in

the court nearest to ~~our~~Franchisor's or, as applicable, ~~our~~Franchisor's successor's or assign's then current principal place of business (currently, West Hollywood, CaliforniaCA), and youArea Developer (and each owner) irrevocably submits to the jurisdiction of that court and waive any objection youArea Developer (or the owner) might have to either the jurisdiction of or venue in that court.

~~D.~~ 8.4 Waiver of Punitive Damages, ~~CLASS ACTION BAR, AND~~Class Action Bar & Jury Trial.

Except for youArea Developer's obligation to indemnify usFranchisor for third (3rd) party claims under ~~Section 8.B, we and you (and your~~ Section 7.2, Franchisor and Area Developer (and Area Developer's owners) waives to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between usFranchisor and youArea Developer, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

~~WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.~~

FRANCHISOR AND AREA DEVELOPER AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN FRANCHISOR AND ANY OF FRANCHISOR'S AFFILIATES, OR FRANCHISOR'S AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND AREA DEVELOPER (OR AREA DEVELOPER'S OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD (3rd) PARTY, OR (IV) BROUGHT ON AREA DEVELOPER'S BEHALF BY ANY ASSOCIATION OR AGENT.

~~WE~~FRANCHISOR AND ~~YOU~~AREA DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF ~~US~~FRANCHISOR.

~~E.~~ 8.5 Injunctive Relief.

Nothing in the Agreement, including the provisions of Section ~~9.A~~8.1, bars ~~our~~Franchisor's right to obtain specific performance of the provisions of the Agreement and injunctive relief against any threatened or actual conduct that will cause usFranchisor, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. YouArea Developer agree that weFranchisor may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to usFranchisor at law or in equity. YouArea Developer agree that weFranchisor will not be required to post a bond to obtain injunctive relief and that youArea Developer's only remedy if an injunction is entered against youArea Developer will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

~~F-8.6~~ Costs AND Attorneys' Fees.

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

~~G-8.7~~ Limitations of Claims.

EXCEPT FOR CLAIMS ARISING FROM ~~YOUR AREA DEVELOPER'S NON~~ ~~NON~~ PAYMENT OR UNDERPAYMENT OF AMOUNTS ~~YOU OWE US~~ AREA DEVELOPER OF FRANCHISOR FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THE AGREEMENT OR ~~OUR FRANCHISOR'S~~ RELATIONSHIP WITH YOU AREA DEVELOPER WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THE AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. ~~You and your~~ Area Developer and Area Developer's owners agree that ~~your and their~~ Area Developer's sole recourse for claims arising between the parties shall be against ~~us or our~~ Franchisor or Franchisor's successors and assigns. ~~You and your~~ Area Developer and Area Developer's owners agree that ~~our and our~~ Franchisor's and Franchisor's Affiliates' members, managers, shareholders, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between ~~us or our~~ Franchisor or Franchisor's Affiliates and ~~you or your~~ Area Developer or Area Developer's owners.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of the Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of the Agreement.

~~10. IX.~~ MISCELLANEOUS:

~~A-9.1~~ Binding Effect.

The Agreement is binding upon ~~us and you and our and your~~ Franchisor and Area Developer and Franchisor's and Area Developer's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to ~~our~~ Franchisor's right to modify the System Standards, the Agreement may not be modified except by a written agreement signed by ~~our and your~~ Franchisor's and Area Developer's ~~duly~~ authorized officers.

~~B-9.2~~ Rights of Parties Are Cumulative.

~~Franchisor's~~ ~~Our~~ and ~~your~~ Area Developer's rights under the Agreement are cumulative, and ~~our or your~~ Franchisor's or Area Developer's exercise or enforcement of any right or remedy under the Agreement will not preclude ~~our or your~~ Franchisor's or Area Developer's exercise or enforcement of any other right or remedy which ~~we or you~~ Franchisor or Area Developer are entitled by law to enforce.

~~C-9.3~~ Severability AND Substitution of Valid Provisions.

Except as expressly provided to the contrary in the Agreement, each section, paragraph, term, and

provision of the Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of the Agreement, which will continue to have full force and effect and bind the parties.

If any applicable and binding law or rule of any jurisdiction requires more notice than the Agreement requires of the Agreement's termination or of ~~our~~Franchisor's refusal to enter into a successor franchise agreement, or some other action that the Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of the Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of the Agreement, and ~~we~~Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. ~~You~~Area Developer agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of the Agreement, as though it were separately articulated in and made a part of the Agreement.

~~D.~~9.4 Waiver of Obligations.

~~Franchisor~~ ~~We~~ and ~~you~~Area Developer may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under the Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights ~~we~~ or ~~you~~ have ~~Franchisor~~ or ~~Area Developer~~ has, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

~~We~~Franchisor and ~~you~~Area Developer will not waive or impair any right, power, or option the Agreement reserves (including ~~our~~Franchisor's right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate the Agreement before its term expires) because of any custom or practice at variance with the Agreement's terms; ~~our~~ or ~~your~~Franchisor's or ~~Area Developer's~~ failure, refusal, or neglect to exercise any right under the Agreement or to insist upon the other's compliance with the Agreement. No special or restrictive legend or endorsement on any check or similar item given to ~~us~~Franchisor will be a waiver, compromise, settlement, or accord and satisfaction. ~~We~~ are ~~Franchisor~~ is authorized to remove any legend or endorsement, which then will have no effect.

~~E.~~ THE EXERCISE OF OUR JUDGMENT.

~~We~~ have 9.5 The Exercise of Franchisor's Judgement. Franchisor has the right to operate, develop, and change the System in any manner that is not specifically prohibited by the Agreement. Whenever ~~we~~ have ~~Franchisor~~ has reserved in the Agreement a right to take or to withhold an action, to grant or decline to grant ~~you~~Area Developer a right to take or withhold an action, or to provide or withhold approval or consent, ~~we~~Franchisor may, except as otherwise specifically provided in the Agreement, make ~~our~~Franchisor's decision or exercise ~~our~~Franchisor's rights in ~~our~~Franchisor's sole and unfettered discretion.

~~F.~~ CONSTRUCTION.

9.6 Construction. The preambles and exhibits are a part of the Agreement, which together with the Agreement constitute ~~our~~ and ~~your~~Franchisor's and ~~Area Developer's~~ entire agreement, and there are no other oral or written understandings or agreements between ~~us~~Franchisor and ~~you~~Area Developer, or oral or written representations by ~~us~~Franchisor, relating to the subject matter of the Agreement, the franchise relationship, or ~~your~~Area Developer's Development Rights (any understandings or agreements reached, or any representations made, before the Agreement are superseded by the Agreement). Any policies that ~~we~~Franchisor periodically adopt and implement to guide ~~us~~ in ~~our~~Franchisor in ~~Franchisor's~~ decision-making are subject to change, are not

a part of the Agreement, and are not binding on ~~us~~Franchisor. Except as provided in ~~Section 8.B~~Section 7.2, nothing in the Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to the Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations ~~we~~Franchisor made in the franchise disclosure document.

Except where the Agreement expressly obligates ~~us~~Franchisor reasonably to approve or not unreasonably to withhold ~~our~~Franchisor's approval of any of ~~your~~Area Developer's actions or requests, ~~we~~Franchisor have the absolute right to refuse any request ~~you~~Area Developer makes or to withhold ~~our~~Franchisor's approval of any of ~~your~~Area Developer's proposed, initiated, or completed actions that require ~~our~~Franchisor's approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in the Agreement to "~~we,~~" "~~us~~Franchisor," and "~~our~~Franchisor's," with respect to all of ~~our~~Franchisor's rights and all of ~~your~~Area Developer's obligations to ~~us~~Franchisor under the Agreement, include any of ~~our~~Franchisor's Affiliates with whom ~~you~~Area Developer deal. The term "**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling ~~you~~Area Developer or ~~us~~Franchisor. "**Control**" means the power to direct or cause the direction of management and policies. "**Including**" means "including, without limitation."

If two (2) or more persons are at any time the owners of the Development Rights, whether as partners or joint venturers, their obligations and liabilities to ~~us~~Franchisor will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in ~~you~~Area Developer (or a transferee of the Agreement and ~~your~~Area Developer's Development Rights or an ownership interest in ~~you~~Area Developer), including, without limitation, any person who has a direct or indirect interest in ~~you~~Area Developer (or a transferee), the Agreement, the Franchise, or ~~your~~Area Developer's Development Rights and any person who has any other legal or equitable interest, or the power to vest in ~~himself or him~~herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to an "**ownership interest**" in ~~you~~Area Developer or one ~~of your~~(1) of Area Developer's owners (if a Business Entity) mean the percent of the voting shares or other voting rights that results from dividing one percent (100%) of the ownership interests by the number of owners. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The following provision applies if ~~you~~Area Developer or the Development Rights granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

~~G-9.7~~ No Warranty or Representation.

~~Franchisor We and our Franchisor's~~ agents, Affiliates, officers, directors, managers, owners, employees and other representatives ~~have~~has not made or given to ~~you~~Area Developer any warranties, representations, undertakings, commitments, covenants or guarantees respecting the subject matter of the Agreement except as expressly stated in the Agreement, and specifically without limiting the generality of the foregoing, ~~you~~Area Developer hereby acknowledges and agrees that ~~we~~Franchisor and ~~our~~Franchisor's agents, Affiliates, officers, directors, managers, owners, employees and other representatives have not made or given any warranty, representation, undertaking, commitment, covenant or guarantee in respect of sales or profit to be derived or costs or expenses to be incurred by ~~you~~Area Developer and that ~~you are~~Area Developer is not relying upon any warranties, representations, undertakings, commitments, covenants or guarantees of ~~us~~Franchisor and ~~our~~Franchisor's officers, directors, shareholders, employees and other representatives except as provided in the Agreement.

~~H. NOTICES.~~

9.8 Notices. All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of amounts due, at the time ~~we~~Franchisor actually receive electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. ~~Your and our~~Area Developer's and Franchisor's current notice addresses are shown ~~on the attached Data Sheet in Appendix I~~ and these Terms. Any notice must be sent to ~~you~~Area Developer at the address shown on ~~the attached Data Sheet in Appendix I~~ and to ~~us~~Franchisor at the address shown in the opening paragraph of these Terms, attention: President, or to the most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to ~~you~~Area Developer at the address of any of ~~your~~Area Developer's Centers. Any required payment or report which ~~we do~~Franchisor does not actually receive during regular business hours on the date due will be deemed delinquent.

~~I. COUNTERPARTS.~~

9.9 Counterparts. The Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

{Signature page follows}

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISOR

~~NEXT HEALTH FRANCHISING LLC, a
Delaware limited liability company~~

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

AREA DEVELOPER

~~DEVELOPER:~~

~~{Name}~~

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

**ATTACHMENT A
TO AREA DEVELOPMENT AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

~~THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a “Guarantor”) to be effective as of the Effective Date of the Agreement (defined below).~~

~~In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (as amended, modified, restated or supplemented from time to time, the “Agreement”) on this date by NEXT HEALTH FRANCHISING LLC (“we” or “our”), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ (“Developer”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for each and every provision in the Agreement that sets out an obligation of the Developer, including both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.~~

~~Each Guarantor consents and agrees that: (1) Guarantor’s direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we 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 during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor’s ability to satisfy the financial obligations of Developer under the Agreement.~~

~~Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Developer arising as a result of the Guarantor’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor’s undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.~~

By: Scott Svilich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

~~Each Guarantor represents and warrants that, if no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.~~

~~The provisions contained in Section 9 (Enforcement) of the Agreement, including Section 9.A (Arbitration), Section 9.C (Consent to Jurisdiction) and Section 9.F (Costs and Attorneys’ Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we~~

~~incur in connection with enforcing the terms of this Guaranty.~~

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

APPENDIX I
AREA DEVELOPER SPECIFIC TERMS

The following includes items that are specific to this Area Development Agreement and will be completed when the Area Development Agreement is provided for signature

<u>ADA SECTION</u>	<u>ITEM</u>	<u>DESCRIPTION</u>
<u>Preamble</u>	<u>Area Development Agreement Effective Date</u>	
<u>Preamble</u>	<u>Franchisor</u> <u>Type of entity & place of organization</u> <u>Franchisor Address</u>	<u>Next Health Franchising, LLC</u> <u>A Delaware limited liability company</u> <u>8560 West Sunset Boulevard, Suite 650</u> <u>West Hollywood, CA 90069</u>
<u>Preamble</u>	<u>Area Developer</u> <u>Type of entity & place of organization</u> <u>Area Developer Address</u>	<u><<Area Developer Entity Name>></u> <u>a/an <<State>> corporation / limited liability company</u> <u><<Address>></u>
<u>Recitals</u>	<u>Ownership of Area Development</u>	<u>If the Area Developer is an Entity (as defined in the Agreement), the following persons constitutes all of the owners of a legal and/or beneficial interest in the Area Developer:</u> <u><<Owner>> <<%>> <<Type of Ownership>></u> <u><<Address>></u> <u><<Owner>> <<%>> <<Type of Ownership>></u> <u><<Address>></u> <u><<Owner>> <<%>> <<Type of Ownership>></u> <u><<Address>></u>
<u>Recitals</u>	<u>Principal Operator</u>	<u><<Name>></u> <u><<Address>></u> <u><<Phone Number>></u> <u><<Email>></u>
<u>Recitals</u>	<u>Primary Contact</u>	<u><<Name>></u> <u><<Address>></u> <u><<Phone Number>></u> <u><<Email>></u>
<u>Article 1.1</u>	<u>Territory Description</u>	<u>In the State of <<State>></u> <u>The Site Selection Area will be located in the area known as:</u> <u>excluding any prior existing Franchisees' or Area Developers' territories, which will be more specifically defined after lease signing, to encompass a three (3) mile radius, with the following considerations: geographical boundaries, cultural demographics, household income, population count, age, traffic/trip count, daytime population, competition, housing density and permit and zoning regulations.</u>

<u>ADA SECTION</u>	<u>ITEM</u>	<u>DESCRIPTION</u>			
		<p>If the Site Selection Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.</p> <p>Areas with Special Laws or Requirements: To the extent any portion of the territory includes area designated as an Indian Reserve, a governmental entity or other territory which may have separate or additional laws, regulations or other requirements for performing work in such territory, Area Developer is granted such territory only to the extent and for so long as Area Developer may become qualified under such separate or additional requirements to perform work in such area; knowledge of and compliance with such requirements being the sole responsibility of Area Developer.</p>			
<u>Article 1.3</u>	<u>Development Schedule</u>				
	<u>Development Period</u>	<u>Executed Leases During Period</u>	<u>Executed Leases at the End of Period</u>	<u>Centers Opened During Period</u>	<u>Centers Opened at End of Period</u>
	<u>Execution Date to</u>				
	* To satisfy this requirement, Franchisor must have received, by the end of the Development Period, a fully executed (by all parties) copy of the Lease (together with all exhibits) that Franchisor has approved in accordance with the applicable Franchise Agreement.				
<u>Article 2</u>	<u>Initial Development Fee</u>	\$ <i>(Total Fee = 1 full Initial Franchise Fee + (1/2 Initial Franchise Fee x # of Agreed Upon Locations within Site Selection Area))</i>			
<u>Article 4.3.10</u>	<u>Transfer Fee</u>	\$20,000.00			
<u>Article 9.8</u>	<u>Notices for Area Developer</u>	All Notices for Area Developer shall be sent to: <<Name>> <<Entity>> <<Address>> <<Email>>			
	<u>Additional Provisions</u>	(Any addendums or changes to the Agreement will be listed here)			

By signing below, ~~the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).~~ Franchisee represents and warrants to Franchisor that the information contained in this Appendix I is true and correct. The parties, intending to be legally bound, accept and agree that this Appendix I and the accompanying Area Development Terms (together, the "**Agreement**") describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.

~~Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Developer (or any of its Affiliates) is delinquent in payment of any amounts guaranteed hereunder,~~

~~that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law~~

~~IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.~~

GUARANTOR(S)	SPOUSE(S)
<p>Name: _____</p> <p>Sign: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p>	<p>Name: _____</p> <p>Sign: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p>
<p>Name: _____</p> <p>Sign: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p>	<p>Name: _____</p> <p>Sign: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p>

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

<<Entity Name>>

By: <<Principal Operator>>
<<Position>> of

APPENDIX II
PAYMENT & PERFORMANCE GUARANTEE

In order to induce Next Health Franchising, LLC. (“Franchisor”) to enter into a Next Health Area Development Agreement (the “Area Development Agreement”) by and between Franchisor and <<Area Developer Entity Name>>, the Area Developer named in the Area Development Agreement on the date specified in the preceding Area Development (the “Effective Date”) to which this Payment and Performance Guarantee (the “Guarantee”) is attached (“Area Developer”), the undersigned (collectively referred to as the “Guarantors” and individually referred to as a “Guarantor”) hereby covenant and agree as follows:

1. Guarantee of Payment & Performance. The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Area Developer to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Area Development Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the “Guaranteed Liabilities”). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Area Developer when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Area Developer and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary and will be enforceable without Franchisor having to proceed first (1st) against Area Developer or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Area Developer by operation of law, any reorganization, merger, or consolidation of Area Developer, or any change in the ownership of Area Developer. The Guarantors represent and agree that they have each reviewed a copy of the Area Development Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Area Development Agreement and this Guarantee.

3. Term: No Waiver. This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Area Developer to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Area Development Agreement and all obligations of Area Developer thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

4. Other Covenants. Each of the Guarantors agrees to comply with the provisions of Section 7 (Indemnification), and 6 (Post-Term Obligations) of the Area Development Agreement as though each such Guarantor were the “Area Developer” named in the Area Development Agreement and agrees that the undersigned will take any and all actions as may be necessary or appropriate to cause Area Developer to comply with the Area Development Agreement and will not take any action that would cause Area Developer to be in breach of the Area Development Agreement.

5. Dispute Resolution. Article 9 (Dispute Resolution and Governing Law) of the Area Development Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the “Area Developer” referred to in the Area Development Agreement.

6. Miscellaneous. This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first (1st) above written.

FRANCHISOR

GUARANTOR

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

APPENDIX III
NEXT HEALTH PAYMENT AUTHORIZATION FORMS

<<Area Developer Entity Name>> dba Next Health <<DBA>> authorizes Next Health Franchising, LLC to charge / debit the account specified below for amounts relating to paying fees, charges and any other amounts owed pursuant to the terms of the Area Development Agreement. These debits are related to the operation of the Area Development Business and the amount of each debit will vary from month to month, to a maximum amount (if any) as set forth in the Area Development Agreement.

ACH AUTHORIZATION BANKING INFORMATION	
<i>Please fill out all the information below accurately and completely.</i>	
<u>Name on Account:</u>	<u>Contact Person:</u>
<u>Address on Account:</u>	<u>Title:</u>
<u>Phone Number:</u>	<u>This is authorization for:</u>
<u>Bank Name:</u>	<input type="checkbox"/> <u>Initial Franchise Fees</u>
<u>Bank Address:</u>	
<u>Account Number:</u>	
<u>Routing Number:</u>	
<u>This account is a:</u> <input type="checkbox"/> <u>Personal Account</u> (updated info provided later, once Entity is established)	<u>Account Type:</u>
<input type="checkbox"/> <u>Entity Business Account</u>	<input type="checkbox"/> <u>Checking</u>
<u>R = Recurring Charges (Monthly or Weekly according to the Franchise Agreement)</u>	<input type="checkbox"/> <u>Savings</u>

I, <<Principal Operator>>, acknowledge I have the authority to execute this ACH Authorization Form and agree to notify Next Health Franchising, LLC in writing of any changes in account information or termination of this authorization fifteen (15) days prior to the next due date of the charges. In the case of an ACH Transaction being rejected for Non-Sufficient Funds (“NSF”), I understand that Next Health Franchising, LLC may at its discretion attempt to process the charge again within thirty (30) days, and agree to an additional One hundred and 00/100 Dollars (\$100.00) charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment, as stated in the Area Development Agreement. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I understand that cancellations must be made in writing, and I will not dispute merchant recurring billing with my bank so long as the amount corresponds to the terms indicated in the Area Development Agreement.

This authorization is given and shall begin on this day _____.

By: <<Principal Operator>>
<<Position>> of
<<Area Developer Entity Name>>

NEXT HEALTH
CREDIT CARD AUTHORIZATION FORM

<<Entity Name>> dba Next Health <<DBA>> authorizes Next Health Franchising, LLC to charge / debit the credit card specified below for amounts relating to paying fees, charges and any other amounts owed pursuant to the terms of the Area Development Agreement. These debits are related to the operation of the Area Development Business and the amount of each debit will vary from month to month, to a maximum amount (if any) as set forth in the Area Development Agreement.

<u>CREDIT CARD INFORMATION</u> <i>Please fill out all the information below accurately and completely.</i>	
<u>Name on Account:</u>	<u>Contact Person:</u>
<u>Address on Account:</u>	<u>Title:</u>
<u>City, State & Zip:</u>	<u>This is authorization for:</u>
<u>Credit Card Type:</u>	<input type="checkbox"/> <u>Initial Development Fee</u>
<u>Card Number:</u>	
<u>Expiration Date:</u>	
<u>CCV Code:</u>	
<u>This account is a:</u> <input type="checkbox"/> <u>Personal Card</u> (updated info provided later, once Entity is established)	
<input type="checkbox"/> <u>Entity Business Card</u>	
<u>R = Recurring Charges (Monthly or Weekly according to the Franchise Agreement)</u>	

I, <<Principal Operator>>, acknowledge I have the authority to execute this Credit Card Authorization Form and agree to notify Next Health Franchising, LLC in writing of any changes in account information or termination of this authorization fifteen (15) days prior to the next due date of the charges. I acknowledge that I may incur a credit card processing fee of up to eight percent (8%) of the total transaction for each time my card is processed, depending on the card type utilized. I further acknowledge that the origination of credit card transactions to my account must comply with the provisions of U.S. law. I understand that cancellations must be made in writing, and I will not dispute merchant recurring billing with my bank so long as the amount corresponds to the terms indicated in the Area Development Agreement.

This authorization is given and shall begin on this day _____:

By: <<Principal Operator>>
<<Title>> of
<<Area Developer Entity Name>>

APPENDIX IV
SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made and entered into as of the dated specified below (the “Effective Date”) by and between Next Health Franchising, LLC, a Delaware limited liability company, with its principal place of business at 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069 (hereinafter referred to as “Secured Party”); and the party listed below (“Debtor”).

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a security interest in all Area Developer related property, together with all after-acquired property of the same general class and description and the proceeds of all property encumbered hereby (the “Collateral”).

TO SECURE:

A. Payment of sums owed by Debtor to Secured Party in connection with Debtor’s purchase of products and goods from Secured Party;

B. Debtor’s obligations to Secured Party under that or those certain Area Development Agreement(s) between Secured party and Debtor;

C. Debtor’s obligations to Secured Party and its affiliates, under that certain Promissory Note made in favor of Secured Party, if a Promissory Note has been made by Debtor in favor of Secured Party and any obligations under it remain outstanding;

D. Any and all other obligations, indebtedness and liabilities of Debtor to Secured Party, or any subsidiary or affiliate of Secured Party, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising; and

E. Performance of each agreement of Debtor contained herein.

DEBTOR WARRANTS & AGREES:

1. Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein. Collateral is described as, but not limited to, any and all personal property of Debtor, including but not limited to all furniture, fixtures, leasehold improvements, equipment, inventory, goods and supplies, accounts, chattel paper and other tangibles and intangibles and all after-acquired property and proceeds related to any of the foregoing.

2. Except as otherwise provided herein, no Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements, pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to file or record same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay the cost of filing or recording the same and/or this Agreement.

3. To do all acts that may be necessary to maintain, preserve and protect the Collateral, not

to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.

4. Except in the ordinary course of business, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

5. To pay, at least ten (10) days before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to provide, maintain in force at all times, and deliver to Secured Party fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral, as Secured Party may, at its discretion, require, in amounts and with companies satisfactory to Secured Party with loss payable to Secured Party.

6. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Secured Party's determination as to whether or not Debtor has failed to make any payment or do any act as herein required shall be final and conclusive. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph with interest from date of expenditure at the rate of ten percent (10%) per annum.

7. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

7.1 Default by Debtor in the payment of the obligations or liabilities secured hereby, or failure by Debtor to perform any agreement herein contained or secured hereby.

7.2 Any warranty, representation or statement, made or furnished to Secured Party by or on behalf of Debtor, proves to have been false in any material respect when made or furnished;

7.3 Substantial uninsured damage, destruction, or danger, in the opinion of Secured Party, of misuse or confiscation of Collateral or the making of any levy, seizure or attachment thereof or therein; or

7.4 Insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by, or against, Debtor.

8. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtednesses, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon any premises where the Collateral or any part thereof may be and take possession thereof and remove the Collateral or any part thereof. In addition, Secured Party may require, and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily

in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured Party upon the indebtednesses, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.

8.1 Secured Party, at its option, shall have the right to commence any action or proceeding against a third (3rd) party or appear in or defend any action or proceeding brought by a third (3rd) party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to Secured Party by Debtor together with interest from the date of expenditure at the rate of ten percent (10%) per annum.

8.2 In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon it/him/her.

8.3 At any public sale or sales made under this Section 8 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

9. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all of the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect, or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of setoff to the same effect and in the same manner as if this security interest had not been given.

10. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.

11. The words "Secured Party" and "Debtor", as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns, respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third (3rd) persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. All references herein to the Uniform Commercial Code ("UCC") means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT IT HAS READ AND FULLY UNDERSTANDS THIS SECURITY AGREEMENT.

SECURED PARTY

DEBTOR

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

By: <<Principal Operator>>
<<Position>> of
<<Entity Name>>

[AREA DEVELOPER & FRANCHISEE LISTS](#)

~~EXHIBIT~~ **Exhibit D**
[LIST OF CURRENT AND FORMER FRANCHISEES](#)

LIST OF FRANCHISEES AND THEIR OUTLETS AS OF DECEMBER 31, 2023

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

None.

LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS AS OF DECEMBER 31, 2023, BUT HAVE NOT OPENED THEIR CENTERS

Name of Franchisee	Address	City	State	Zip Code	Phone Number
Zahra Salisbury	559 San Ysidro Road Suite C	Montecito	California	93108	(604) 561-5222
Barry Turbow	TBD	Los Angeles	California	90048	(310) 795-9225
Dr. Thomas Phillips	TBD	Miami	Florida	33101	(949) 287-3457
Scott Crosbie	616 8th Ave South	Nashville	Tennessee	37203	(704) 968-5140

LIST OF FRANCHISEES & THEIR OUTLETS AS OF DECEMBER 31, 2024

NONE

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

**LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS OF DECEMBER 31, 2024,
BUT HAVE NOT OPENED THEIR CENTERS**

Arizona

NEXT HEALTH PEORIA**
NH Arizona, LLC
Brendan Weak & Lindsey Weak (PO)
222 West Kaler Drive
Phoenix, AZ 85021
bweak@next-health.com

NEXT HEALTH SCOTTSDALE**
Arizona Health One, LLC
Zachary Mendelsohn
Robert “Bo” Thede (PO)
2927 Turtle Head Peak Drive
Las Vegas, NV 89135
bthede@next-health.com

California

NEXT HEALTH ELK GROVE**
Zois Health and Wellness, LLC
David Glenwinkel
Elke Cook, MD
Allison Trout, MD (PO)
3240 Professional Drive
Auburn, CA 95602
dglenwinkel@next-health.com

NEXT HEALTH LOS OLIVOS**
NH Irvine, LLC
Barry Turbow & Lisa Turbow
Donnie Wilson & Megan Wilson (PO)
8599 Irvine Center Drive
Irvine, CA 92618
bturbow@next-health.com

California (cont.)

NEXT HEALTH MANHATTAN BEACH**
NH Manhattan Beach, LLC
Barry Turbow & Lisa Turbow
Donnie Wilson & Megan Wilson (PO)
8599 Irvine Center Drive
Irvine, CA 92618
bturbow@next-health.com

NEXT HEALTH MONTECITO**
NH Montecito Inc.
Zahra Salisbury
559 San Ysidro Road, Suite C,
Montecito, CA 93108
zsalisbury@next-health.com

NEXT HEALTH NUGGET PLAZA**
Zois Health and Wellness, LLC
David Glenwinkel
Elke Cook, MD
Allison Trout, MD (PO)
3240 Professional Drive
Auburn, CA 95602
dglenwinkel@next-health.com

NEXT HEALTH WOODLAND HILLS**
Eternal Vitality Solutions TW, LLC
Barry Turbow & Lisa Turbow
Donnie Wilson & Megan Wilson (PO)
3720 Prairie Ridge Court
Simi Valley, CA 93063
bturbow@next-health.com

California (cont.)

NEXT HEALTH WALNUT CREEK**
Zois Health and Wellness, LLC
David Glenwinkel
Elke Cook, MD
Allison Trout, MD (PO)
3240 Professional Drive
Auburn, CA 95602
dglenwinkel@next-health.com

Colorado

NEXT HEALTH BOULDER
Havery Health, LLC
Paul Cox & Niki Cox (PO)
398 West Street
Louisville, CO 80027
pcox@next-health.com

NEXT HEALTH CHERRY CREEK**
NH Colorado, LLC
Zahra Salisbury
8638 Harborview Road
Blaine, WA 98230
zsalisbury@next-health.com

NEXT HEALTH DENVER TECH CENTER**
NH Colorado 2, LLC
Zahra Salisbury
8638 Harborview Road
Blaine, WA 98230
zsalisbury@next-health.com

Florida

NEXT HEALTH AVENTURA**
NH Aventura, LLC
Dr. Thomas Phillips
19505 Biscayne Blvd
Suite 2125
Miami, FL 33180
tphillips@next-health.com

Florida (cont.)

NEXT HEALTH FORT LAUDERDALE**
NH Fort Lauderdale, LLC
Dr. Thomas Phillips

19505 Biscayne Blvd
Suite 2125
Miami, FL 33180
tphillips@next-health.com

NEXT HEALTH MIAMI BEACH**
NH Miami Beach, LLC
Dr. Thomas Phillips
19505 Biscayne Blvd
Suite 2125
Miami, FL 33180
tphillips@next-health.com

NEXT HEALTH TAMPA**
Norman Health, Inc.
Jacob Norman, Jordan Norman & Morgan Norman
202 North Rome Avenue, Suite 101
Tampa, FL 33606
jnorman@next-health.com

Illinois

NEXT HEALTH LINCOLN PARK**
MedBuild Lincoln Park, LLC
Ryan Murphy
2313 North Lincoln Avenue
Suite A2-150
Chicago, IL 60614
rmurphy@next-health.com

NEXT HEALTH NAPERVILLE**
MedBuild Naperville, LLC
Ryan Murphy
2313 North Lincoln Avenue
Suite A2-150
Chicago, IL 60614
rmurphy@next-health.com

Illinois (cont.)

NEXT HEALTH OAKBROOK**
MedBuild Oakbrook, LLC
Ryan Murphy
2313 North Lincoln Avenue
Suite A2-150
Chicago, IL 60614
rmurphy@next-health.com

Massachusetts

NEXT HEALTH CHESTNUT HILLS
Zois Health and Wellness, LLC

David Glenwinkel
Elke Cook, MD
Allison Trout, MD (PO)
3240 Professional Drive
Auburn, CA 95602
dglenwinkel@next-health.com

Nevada

NEXT HEALTH HENDERSON**
Vegas Health One, LLC
Zachary Mendelsohn &
Robert “Bo” Thede (PO)
2927 Turtle Head Peak Drive,
Las Vegas, NV 89135
bthede@next-health.com

NEXT HEALTH RESORT WORLD**
Vegas Health One, LLC
Zachary Mendelsohn &
Robert “Bo” Thede (PO)
2927 Turtle Head Peak Drive,
Las Vegas, NV 89135
bthede@next-health.com

Tennessee

NEXT HEALTH GREEN HILLS**
NH Green Hills TN, LLC
Scott Crosbie (PO)
505 Church Street, Suite 1406
Nashville, TN 37219
scrosbie@next-health.com

Tennessee (cont.)

NEXT HEALTH THE GULTCH**
NH Midtown TN, LLC

Scott Crosbie (PO)
428 South Main Street
Suite B645
Davidson, NC 28036
scrosbie@next-health.com

Texas

NEXT HEALTH AUSTIN**
Everwell Management, LLC
Matthew Murphy
7415 Southwest Pakway
Building 5, Suite 500
Austin, TX 78735
mmurphy@next-health.com

NEXT HEALTH DALLAS**
MedBuild, LLC
Ryan Murphy
2001 Butterfield
Suite 1530
Downers Grove, IL 60515
rmurphy@next-health.com

NEXT HEALTH HOUSTON**
Everwell Management, LLC
Matthew Murphy
7415 Southwest Pakway
Building 5, Suite 500
Austin, TX 78735
mmurphy@next-health.com

Washington

NEXT HEALTH BELLEVUE**
NH Bellevue, LLC
Zahra Salisbury
8638 Harborview Road
Blaine, WA 98230
zsalisbury@next-health.com

* (PO) - Principal Owner(s)

** Designates Franchise Agreements signed under an Area Development Agreement

LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2023
LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2023-2024

Former franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement and franchisees that have not

communicated with us within ten (10) weeks of the issuance date of this disclosure document.

~~None.~~

BRIAN SMITH

2005 Pequeno Street, Austin, TX 78757

briansmithly@gmail.com

LIST OF AREA DEVELOPERS AS OF DECEMBER 31, 2024

Arizona

NH ARIZONA, LLC
Brendan Weak & Lindsey Weak (PO)
222 West Kaler Drive
Phoenix, AZ 85021
bweak@next-health.com

VEGAS HEALTH HOLDINGS LLC
Zachary Mendelsohn
Robert “Bo” Thede (PO)
2927 Turtle Head Peak Drive
Las Vegas, NV 89135
bthede@next-health.com

California

EVS TW HOLDINGS, LLC
Barry Turbow & Lisa Turbow
Donnie Wilson & Megan Wilson (PO)
3720 Prairie Ridge Court
Simi Valley, CA 93063
bturbow@next-health.com

SALISBURY GROUP USA, INC.
Zahra Salisbury
559 San Ysidro Road, Suite C,
Montecito, CA 93108
zsalisbury@next-health.com

ZOIS HEALTH AND WELLNESS, LLC
David Glenwinkel
Elke Cook, MD
Allison Trout, MD (PO)
3240 Professional Drive
Auburn, CA 95602
dglenwinkel@next-health.com

Colorado

HAVERY HEALTH, LLC
Paul Cox & Niki Cox (PO)
398 West Street
Louisville, CO 80027
pcox@next-health.com

Colorado (Cont.)

SALISBURY GROUP USA, INC.
Zahra Salisbury
8638 Harborview Road
Blaine, WA 98230
zsalisbury@next-health.com

Florida

NH SOUTH FLORIDA CORPORATION
Dr. Thomas Phillips
19505 Biscayne Blvd
Suite 2125
Miami, FL 33180
tphillips@next-health.com

NORMAN HEALTH, INC.
Jacob Norman, Jordan Norman & Morgan Norman
202 North Rome Avenue, Suite 101
Tampa, FL 33606
jnorman@next-health.com

Illinois

MEDBUILD, LLC
Ryan Murphy
2313 North Lincoln Avenue
Suite A2-150
Chicago, IL 60614
rmurphy@next-health.com

Nevada

VEGAS HEALTH HOLDINGS LLC
Zachary Mendelsohn &
Robert “Bo” Thede (PO)
2927 Turtle Head Peak Drive,
Las Vegas, NV 89135
bthede@next-health.com

Tennessee

NH OPTIMAL VITALITY AND LONGEVITY, LLC

Scott Crosbie (PO)
428 South Main Street
Suite B645
Davidson, NC 28036
scrosbie@next-health.com

Texas

EVERWELL MANAGEMENT, LLC
Matthew Murphy
7415 Southwest Pakway
Building 5, Suite 500
Austin, TX 78735
mmurphy@next-health.com

MEDBUILD, LLC
Ryan Murphy
2001 Butterfield
Suite 1530
Downers Grove, IL 60515
rmurphy@next-health.com

LIST OF FORMER AREA DEVELOPERS AS OF DECEMBER 31, 2024

Former franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement and franchisees that have not communicated with us within ten (10) weeks of the issuance date of this disclosure document.

NONE

EXHIBIT E

FINANCIAL STATEMENTS

Exhibit E

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE 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 OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

NextHealth Franchising LLC

Balance Sheet

As of March 31, 2025

Mar 2025

ASSETS

Current Assets

Bank Accounts

CBB #4961

1,713,130.52

Total Bank Accounts

\$ 1,713,130.52

Accounts Receivable

Accounts Receivable (A/R)

1,892,919.32

Total Accounts Receivable

\$ 1,892,919.32

Other Current Assets

Current Intercompany Receivables

0.00

I/R - Digital

9,696.00

I/R - MG

1,103,620.00

I/R - Newport Beach

405,188.00

I/R - WH

70,000.00

Total Current Intercompany Receivables

\$ 1,588,504.00

Deferred Equipment Cogs

3,630,255.44

Retainer

5,500.00

Total Other Current Assets

\$ 5,224,259.44

Total Current Assets

\$ 8,830,309.28

TOTAL ASSETS

\$ 8,830,309.28

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable (A/P)

102,616.25

Total Accounts Payable

\$ 102,616.25

Other Current Liabilities

Accrued Expense

142,900.00

California Department of Tax and Fee Administration Payable

150,929.55

Current Intercompany Payables

0.00

I/P - MG

4,426,665.84

Total Current Intercompany Payables

\$ 4,426,665.84

Florida Department of Revenue Payable

19,015.00

Illinois Department of Revenue Payable

22,990.75

Out Of Scope Agency Payable

0.00

Tennessee Department of Revenue Payable

58,420.03

Total Other Current Liabilities

\$ 4,820,921.17

Total Current Liabilities

\$ 4,923,537.42

Long-Term Liabilities

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Deferred Equipment Revenue	3,909,131.62
Deferred Revenue - Franchise Fee	1,353,000.00
Total Long-Term Liabilities	\$ 5,262,131.62
Total Liabilities	\$ 10,185,669.04
Equity	
Opening balance equity	105,862.00
Retained Earnings	-1,472,512.64
Net Income	11,290.88
Total Equity	-\$ 1,355,359.76
TOTAL LIABILITIES AND EQUITY	\$ 8,830,309.28

NextHealth Franchising LLC

Profit and Loss

January 1, 2025 - March 31, 2025

	<u>Total</u>
Income	
Brand Fund	1,909.41
Medical Admin	10,000.00
Misc. Income	17,065.84
Retail	1,985.80
Royalties	16,184.83
Technology Fee	2,397.00
Training Revenue	2,500.00
Total Income	\$ 52,042.88
Total Cost of Goods Sold	\$ 0.00
Gross Profit	\$ 52,042.88
Expenses	
Advertising & marketing	29,397.00
General business expenses	\$ 110.00
Professional Fees	\$ 11,245.00
Total Expenses	\$ 40,752.00
Net Operating Income	\$ 11,290.88
Net Income	\$ 11,290.88

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

AUDITED FINANCIAL STATEMENTS

Next Health Franchising LLC

Financial Statements

December 31, 2024 and 2023

Next Health Franchising LLC

Table of Contents
December 31, 2024 and 2023

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Financial Statements	
Balance Sheets	3
Statements of Operations and Member's Deficit	4
Statements of Cash Flows	5
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Independent Auditors' Report

To the Member
Next Health Franchising LLC

Opinion

We have audited the accompanying financial statements of Next Health Franchising LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations and member's deficit and cash flows for the year ended December 31, 2024 and the period from April 17, 2023 (date of inception) to December 31, 2023 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the year ended December 31, 2024 and the period from April 17, 2023 (date of inception) to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Los Angeles, California
March 21, 2025

Next Health Franchising LLC

Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,623,756	\$ 3,931
Accounts receivable	80,799	-
Due from related party, net	-	378,128
Franchisee equipment in transit	1,217,380	-
	<u>2,921,935</u>	<u>382,059</u>
Total current assets	<u>2,921,935</u>	<u>382,059</u>
Total assets	<u><u>\$ 2,921,935</u></u>	<u><u>\$ 382,059</u></u>
Liabilities and Member's Deficit		
Current Liabilities		
Accounts payable and accrued expenses	\$ 445,916	\$ 18,313
Due to related party, net	1,483,933	-
Deferred franchise fees, current portion	360,000	186,554
Deferred equipment fees, current portion	923,596	-
	<u>3,213,445</u>	<u>204,867</u>
Total current liabilities	<u>3,213,445</u>	<u>204,867</u>
Deferred Franchise Fees, Net of Current Portion	1,146,554	310,000
Deferred Equipment Fees, Net of Current Portion	<u>252,430</u>	<u>-</u>
Total liabilities	4,612,429	514,867
Member's Deficit	<u>(1,690,494)</u>	<u>(132,808)</u>
Total liabilities and member's deficit	<u><u>\$ 2,921,935</u></u>	<u><u>\$ 382,059</u></u>

See notes to financial statements

Next Health Franchising LLC

Statements of Operations and Member's Deficit

Year Ended December 31, 2024 and the Period From April 17, 2023 (Date of Inception) to December 31, 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Franchise fees	\$ -	\$ 1,446
Other operating revenues	38,358	-
Total revenues	<u>38,358</u>	<u>1,446</u>
Operating Expenses		
Salaries and wages	1,139,019	214,708
General and administrative	457,025	21,477
Total operating expenses	<u>1,596,044</u>	<u>236,185</u>
Net loss	<u>(1,557,686)</u>	<u>(234,739)</u>
Member's Deficit, Beginning	(132,808)	-
Member contributions	-	101,931
Net loss	<u>(1,557,686)</u>	<u>(234,739)</u>
Member's Deficit, Ending	<u><u>\$ (1,690,494)</u></u>	<u><u>\$ (132,808)</u></u>

See notes to financial statements

Next Health Franchising LLC

Statements of Cash Flows

Year Ended December 31, 2024 and the Period From April 17, 2023 (Date of Inception) to December 31, 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Net loss	\$ (1,557,686)	\$ (234,739)
Changes in operating assets and liabilities:		
Accounts receivable	(80,799)	-
Franchisee equipment in transit	(1,217,380)	-
Deferred equipment fees	1,176,026	-
Accounts payable and accrued expenses	427,603	18,313
Deferred franchise fees	1,010,000	496,554
	<u>(242,236)</u>	<u>280,128</u>
Net cash (used in) provided by operating activities		
	<u>(242,236)</u>	<u>280,128</u>
Cash Flows From Financing Activities		
Advances to related party	378,128	(596,000)
Payments from related party	1,483,933	217,872
Contributions from member	-	101,931
	<u>1,862,061</u>	<u>(276,197)</u>
Net cash provided by (used in) financing activities		
	<u>1,862,061</u>	<u>(276,197)</u>
Net increase in cash and cash equivalent	<u>1,619,825</u>	<u>3,931</u>
Cash and Cash Equivalents, Beginning	<u>3,931</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,623,756</u>	<u>\$ 3,931</u>

See notes to financial statements

Next Health Franchising LLC

Notes to Financial Statements
December 31, 2024 and 2023

1. Organization and Description of Business

Next Health Franchising LLC (the Company), a Delaware limited liability company (LLC), was formed on April 17, 2023. The sole member of the Company is Next Health Management Group, Inc., a Delaware corporation (the Member).

The Company offers and sells franchises to operate health and wellness centers under the Next Health brand throughout the United States. The Company has a 10-year renewable trademark license agreement with its Member that grants the Company a nonexclusive right to use the Next Health trademarks and to license the trademarks to franchisees under franchise agreements. As of December 31, 2024 and 2023, the Company had 11 signed franchise agreements and did not have any franchise locations in operation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2024. References to Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) included hereinafter refers to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of the financial statements, in accordance with U.S. GAAP, requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date. The actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of 90 days or less to be cash equivalents. As of December 31, 2024 and 2023, the Company carried no cash equivalents.

Fair Value Measurements

The Company's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, and accrued expenses. Management estimates that the fair value of all financial instruments at December 31, 2024 and 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Franchisee Equipment in Transit

The Company purchases and orders equipment on behalf of its franchisees, with all equipment being shipped directly to franchise locations. Although the Company does not physically hold equipment, it recognizes the costs of purchased materials as an asset until the related performance obligation is satisfied. These costs remain on the Company's balance sheet as equipment until the franchisee receives the equipment and all contractual obligations are met, at which point the equipment is expensed accordingly. Equipment at December 31, 2024 was \$1,217,380.

Next Health Franchising LLC

Notes to Financial Statements
December 31, 2024 and 2023

Revenue Recognition

The Company records revenue under ASC Topic 606, *Revenue From Contracts With Customers* (Topic 606), which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. Royalty and brand fund fee revenues are based on a percentage of sales and are recognized when the services are completed to the customers. Royalty fees and Brand Fund fees amount to a percentage of franchisee gross sales per year in accordance with the franchise agreements. The Company has not yet collected royalty fees and brand fund fees for the year ended December 31, 2024 and the period ended December 31, 2023.

Franchise Revenue

The Company recognizes franchise rights fee revenue is recognized as the bundled pre-opening services performance obligation is satisfied, from the execution of the agreement through the opening of the stores with any fees in excess of the pre-opening services recognized evenly over the life of the contract. Revenue related to the Company's franchise royalties will be recorded when earned based upon the franchisee's sales. Additionally, the Company will record revenues and related expenses of the Brand Fund on a gross basis within the statement of operations. These funds will exist solely for the purpose of promoting the Next Health brand.

Other Operating Revenues

The Company has certain other operating revenue including convention, retail, and optional training fees. These services are recognized at the point in time in which the performance obligation is satisfied.

General and Administrative Expenses

The Company's general and administrative expenses consist of advertising, event, legal fees and bank/finance charges.

Advertising and Marketing Costs

Advertising costs, including general brand marketing and contributions to local advertising cooperatives which are based on a percentage of sales, will be expensed when incurred.

Franchised stores in the United States contribute to a Brand Fund that the Company manages on behalf of these stores. The Company is committed under its franchise and other agreements to spend revenues of the Brand Fund on marketing, creative efforts, or related purposes specified in the franchise agreements. Contributions to the Brand Fund will be recognized as revenue, while expenditures will be included in advertising expenses on the statements of operations. While no profit will be recognized on amounts received by the Brand Fund, when expenditures exceed contributions to the Brand Fund on a cumulative basis, income from operations and net income may be affected due to the timing of when revenues are received and expenses are incurred.

Income Taxes

As a single member LLC, the Company is considered a disregarded entity and the results of its operations will be filed with the Member's federal and state income tax returns. As such, the Company itself is typically not subject to an income tax liability as the taxable income or loss of the Company is passed through to the Member. Therefore, no liability for federal income taxes has been included in the financial statements.

Next Health Franchising LLC

Notes to Financial Statements
December 31, 2024 and 2023

The Company accounts for uncertain tax positions in accordance with ASC No. 740. ASC No. 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and required disclosures. The Company does not have any entity-level uncertain tax positions.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk from cash and cash equivalents.

For the year ended December 31, 2024, one franchisee comprised approximately 18% of total revenues. As of December 31, 2024, two franchisees comprised approximately 99% of accounts receivable. A loss of one of these franchisees may result in significant disruption to the Company's operations.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU introduces a new credit loss methodology, Current Expected Credit losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changed in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

The Company adopted ASU No. 2016-13 at inception.

Subsequent Events

The Company has evaluated subsequent events through March 21, 2025, which is the date the financial statements were available to be issued and concluded that there were no additional events or transactions that need to be disclosed.

3. Deferred Franchise Fees

The majority of the Company's franchise agreements contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as deferred franchise fees on the balance sheets until recognized. Upon receipt of an initial franchise fees from a franchisee, the Company recognizes it as deferred franchise fees in the amount of the payment for its performance obligation to provide franchise rights in the future. Deferred franchise fees at December 31, 2024 and 2023 were \$1,506,554 and \$496,554, respectively.

Next Health Franchising LLC

Notes to Financial Statements
December 31, 2024 and 2023

4. Deferred Equipment Fees

The Company conducts equipment sales agreements with its franchises, requiring all equipment to be purchased through the Company before being sent to the designated locations. These payments are recognized as deferred equipment fees, as the equipment sales are considered distinct performance obligations. Revenue is recognized upon the completion of the service, once the equipment has been delivered and the obligation has been fulfilled. Deferred equipment fees on December 31, 2024 was \$1,176,026.

5. Related-Party Transactions

The significant related-party transactions consist of borrowings from, and payments to, the Member and other related parties under common control of the Member. As of December 31, 2024 and 2023, due from related party amounted to \$1,132,884 and \$596,000, while due to related party amounted to \$2,616,817 and \$217,872, respectively.

The Company has a franchise agreement with a related party which comprised approximately \$1,148 of total revenues during the year ended December 31, 2024.

6. Commitments and Contingencies

The Company from time to time may be involved in claims and legal proceedings in the ordinary course of its business. In the opinion of management, the Company is adequately insured against such claims and any ultimate liability arising from such proceedings will not have a material adverse effect on the financial condition, operations or cash flows of the Company.

7. Member's Equity

The Company's LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company's Member is limited to the Member's specific capital balance. Upon liquidation of the Company, the net assets will be distributed to the sole member.

During the period ended December 31, 2023, the Company's Member contributed a total of \$101,931.

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT **Exhibit F** TABLE OF CONTENTS TO OPERATIONS MANUAL

ABOUT NEXT HEALTH

- [Location Directory](#)
- [Mission, Vision & Core Values](#)
- [Website, Reviews & Social](#)
- [Memberships & Programs](#)
- [Services Single Source of Truth \(“SST”\)](#)

AESTHETICS

- [Overview of Services & Treatments](#)
- [How to Provide an Aesthetic Consultation](#)
- [NEXT|BEAUTY Patient Check-In, Check Out, & Care Credit Payments](#)
- [Medical Aesthetics Follow-Up Procedures](#)
- [Aesthetic Registered Nurse Daily Recaps](#)
- [NEXT|BEAUTY Daily Protocols](#)
- [Next|Health Beauty Packages & SuperBill](#)
- [Aesthetics Rewards Programs](#)
- [Beauty Events](#)
- [NEXT|BEAUTY Aesthetic Contacts & Vendors](#)
- [Emergency Protocol](#)

CALL CENTER

- [Member Services Dept. FAQ](#)

FINANCE & ACCOUNTING

- [Sample Equipment Invoice](#)
- [Lenders](#)
- [Expense Timeline](#)
- [Insurance Carriers](#)
- [Next Health COA](#)

LOCATION OPERATIONS

- [SOP Library SST](#)
- [Forms & Documents \(Company Facing\)](#)
- [Facility Maintenance & Vendor Contacts](#)

MARKETING

MEDICAL

- [Medical Team Training & Onboarding Resources](#)
- [Medical Updates](#)
- [Medical Reference Guide](#)
- [Medical Documents, Forms & Templates](#)

NEWS & UPDATES

- [Important Protocol & SOP Updates](#)
- [2025 Monthly Promotions Calendar](#)
- [Annual Promotions & Discounts](#)
- [Events, Content Dates & Updates](#)
- [Featured In: Press, Podcasts & More](#)
- [HSA / FSA Funds Usage](#)
- [All Hands Team Meetings](#)

SALES

- [Overcoming Sales Objections](#)
- [Scouting the Calendar](#)
- [IV Therapy Add-On Success](#)
- [Lab Testing Tiers](#)

TECHNOLOGY

- [Follow That Patient \(“FTP”\)](#)
- [Next Health Connect \(“NH Connect”\)](#)
- [IT Support Ticketing](#)
- [Follow That Patient \(“FTP”\) Support](#)
- [Schoox Learning Management Software \(“LMS”\)](#)

TRAINING & DEVELOPMENT

- [On-going Training Resources](#)
- [Educational: Books, Podcasts, Websites, Articles](#)
- [Knowledge Base](#)

FRANCHISEE SPECIFIC TEMPLATES & FORMS

~~EXHIBIT~~ **Exhibit G**
SAMPLE GENERAL RELEASE



APPENDIX I
NEXT HEALTH
MANAGEMENT SERVICES AGREEMENT

This Next Health Management Services Agreement (this “Agreement”) is made, entered into by and between <<PC Entity>>, a <<State & Company Type>>, having its address at 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069 (the “Professional Corporation” or “PC”), and <<Franchisee Entity>>, a <<State & Company Type>>, having its address at <<Franchisee Address>> (the “Franchisee”), and together referred to as the Parties (the “Parties”) to be effective as of this day _____ (“Effective Date”).

RECITALS

WHEREAS, PC is organized to engage in the business of managing and administering medical practices, and providing support services to medical practices.

WHEREAS, Franchisee is engaged in the practice of medicine rendering Professional Services and is owned solely by a physician holding a valid license to practice medicine in the State of <<State>>. All of Franchisee’s medical employees and independent contractors who are required to hold valid licenses to practice medicine in the State of <<State>> hold such licenses.

WHEREAS, by executing an addendum, additional Franchisee Locations may be incorporated under this Agreement and bound by all terms of this Agreement that are not explicitly stated as different in the addendum.

WHEREAS, in order to enable its medical employees and independent contractors to focus their efforts and time on the practice of medicine and the delivery of medical services to the public, Franchisee has requested, and PC has agreed to provide certain services pursuant to this Agreement.

NOW THEREFORE, based upon the recitals and the mutual covenants in this Agreement, the Parties agree as follows:

ARTICLE I
MANAGEMENT SERVICES

1.1 Engagement & Authority of PC. During the Term, Franchisee engages and appoints PC as the exclusive manager to provide comprehensive management, administrative and other related services for the Franchisee Locations, by and through employees and independent contractors retained by PC. PC will provide service through officers of PC and secretarial, accounting, financial, clerical, and technical support personnel. PC is granted the authority necessary to manage the non-medical business aspects for the Franchisee Locations, as required under this Agreement. Subject to Franchisee’s oversight and ultimate authority, PC is expressly authorized to take any actions that PC, in the exercise of reasonable discretion, deems appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of the Franchisee Locations. PC will have the right at all times to have access to Franchisee facilities at for the Franchisee Locations for the purposes of performing its responsibilities under this Agreement, or for any reasonable purpose. PC agrees to furnish to the Franchisee management services as described on Exhibit B of

this Agreement, which is attached and incorporated by reference. Upon written request by Franchisee, additional services may be added to PC's responsibilities and reflected in the execution by both Parties of an addendum or amendment covering such services and the additional fees for such services.

1.2 Revenue & Other Accounts. All receipts and monies arising from Franchisee operations at the Franchisee Locations will be received by PC on behalf of Franchisee and PC will, in the name of Franchisee, deposit all amounts in the Revenue Account.

1.3 Business Associate Agreement. As required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), with the execution of this Agreement the Parties agree to the provisions of the Business Associate Agreement, which is attached as Exhibit C and incorporated by reference.

1.4 Medical Records. Subject to Franchisee's oversight and ultimate authority and subject to strict compliance with the requirements of HIPAA and state law, Franchisee appoints PC to be responsible for maintenance, storage, retention, and custody of medical records of Franchisee for the Franchisee Locations.

ARTICLE II CONDUCT OF MEDICAL FRANCHISEE & FRANCHISEE OBLIGATIONS

2.1 PC of Medicine. The professional relationship between PC Professionals and their patients will be solely between the PC Professionals and their patients. Franchisee will not interfere with the exercise of medical judgment or in the care or treatment of patients. Further, Franchisee will not interfere with, control, direct, or supervise PC, or any employee or independent contractor of PC, in connection with the provision of Professional Services. Notwithstanding any provision to the contrary, this Agreement is not intended to (1) constitute the use of a medical license or the practice of medicine by anyone other than a licensed physician; (2) aid Franchisee or any other unlicensed Person to practice medicine; or (3) create any other arrangements in violation of <<State>>. If Franchisee is unable to perform any service required of Franchisee under this Agreement because it is deemed to constitute the practice of medicine by applicable authorities, Franchisee will deliver notice to PC. PC and Franchisee specifically acknowledge the following:

2.1.1 Clinical Services. Although Franchisee will provide support services to PC for the Franchisee Locations, PC will remain entirely independent of Franchisee as to the diagnosis and treatment of patients and all other medical, professional and ethical affairs of PC. PC accepts the full responsibility to these patients for the nature and character of all Professional Services rendered.

2.1.2 Professional Fees. Upon request, Franchisee will provide research and analysis regarding fees for Professional Services rendered by PC's PC Professionals at the Franchisee Locations.

2.1.3 Approval Authority over Provision of Medical Services. PC will have approval authority over (1) hiring and firing of clinical personnel, (2) choice of modalities and medical services offered through the operations, (3) banking (subject to day-to-day operational delegations to Franchisee), (4) choice of medical equipment, and (5) content of any advertising subject to the <<State>> Labor Code and <<State>> Code of Regulations.

2.2 Professional Services. PC will provide Professional Services to patients in compliance at all times with ethical standards, laws and regulations applying to the medical profession and in compliance with any agreements between PC and any third (3rd) parties. PC will also ensure, with the assistance of Franchisee, that any PC Professional or contractor associated with PC has all required licenses, credentials, approvals, and

other certifications to perform the duties and services for PC. In the event that any disciplinary actions or medical malpractice actions are initiated or threatened against any Franchisee Professional or contractor, Franchisee will immediately inform PC of the action and the underlying facts and circumstances. Franchisee will carry out a program to monitor quality of medical care with Franchisee's administrative assistance. PC, in cooperation with Franchisee, will take steps necessary to resolve any utilization review or quality assurance issues that may arise in connection with the operation of PC.

2.3 Employment or Contracting of PC Professionals. PC will have final authority for the hiring, supervision, evaluation and termination of its PC Professionals (in consultation with Franchisee). Franchisee will consult with and assist PC in identifying, pre-qualifying, and recruiting new PC Professionals. Franchisee will assist PC in the credentialing of its PC Professionals.

2.4 Professional Insurance Eligibility. The Parties will cooperate in obtaining and retaining professional liability insurance at commercially reasonable rates. PC will coordinate with Franchisee and participate in risk management programs in conjunction with insurers.

2.5 Powers of Attorney. PC appoints Franchisee, for the Term, to be its true and lawful attorney-in-fact for all purposes in connection with the provision of management services in this Agreement. PC will require all PC Professionals to execute and deliver to Franchisee powers of attorney, satisfactory in form and substance to Franchisee, appointing Franchisee as attorney-in-fact for each of the purposes set forth in this Agreement. The powers of attorney will immediately terminate upon termination of this Agreement, except with respect to PC's billings for Professional Services rendered prior to termination of this Agreement. With respect to such billings, the powers of attorney will terminate twelve (12) months after the termination of this Agreement. A form of the power of attorney is attached as Exhibit D, which is incorporated by reference.

2.6 Medical Facilities. PC acknowledges the importance of Franchisee's access to PC's facilities at the PC Locations to provide services under this Agreement. Accordingly, PC agrees that if PC prevents or otherwise terminates Franchisee's access to PC's facilities at the Franchisee Locations during the Term (other than Franchisee's fraud or knowing and intentional misappropriation of PC's funds as finally judicially adjudicated by a court of competent jurisdiction), Franchisee may immediately terminate this Agreement, cease providing all services to PC, and terminate any other agreements between the Parties.

2.7 PC's Authority to Bind Franchisee. PC does not have the right to commit Franchisee to any obligations or liabilities.

2.8 Meetings. During the initial twelve (12) months of the Term, Franchisee and PC will schedule monthly meetings to discuss administrative, financial, and medical issues related to the Franchisee Locations. At least one (1) representative of each Party shall attend such meetings. Following the first (1st) anniversary of the Effective Date of this Agreement and through the remainder of the Term, the Parties will continue to meet on a regular basis which in no event will be less than quarterly (such monthly and quarterly meetings, as applicable, are "**Regular Meetings**"). If, in addition to the Regular Meetings, either Party will request an additional meeting with the other Party ("**Requesting Party**"), the Requesting Party must send the other Party a written request ("**Special Meeting Request**") not less than five (5) days prior to the date on which the meeting is requested, with the Special Meeting Request specifying the date, time, place, and purpose of the meeting. The other Party will make commercially reasonable efforts to accommodate the Special Meeting Request.

ARTICLE III COMPENSATION

3.1 Financial Terms. As a condition precedent to Franchisee's obligations under this Agreement and in consideration for the services provided:

3.1.1 Franchisee Expenses. Franchisee will reimburse PC for all PC Expenses incurred in providing the management services for the Franchisee Locations pursuant to this Agreement. At the conclusion of each month, PC will prepare an invoice for all PC Expenses incurred by PC during such month and shall submit such invoice to Franchisee.

3.1.2 Management Fee. On a monthly basis, Franchisee will pay PC the Management Fee. The Management Fee is not a share in PC's fees for medical services. Rather, it is the Parties' negotiated agreement, having considered the business risks taken by the parties and the various compensation formulas, as to the reasonable fair market value of support and services furnished by Franchisee under this Agreement.

3.1.3 Fair Market Value. The Parties acknowledge and agree that the fees paid to PC pursuant to this Agreement are consistent with the fair market value of PC's Services in an arms-length transaction, and they are not determined in a manner that takes into account the value or volume of any referrals or business otherwise generated between the Parties for which payment may be made in whole or in part under Medicare, Medicaid or any other federally-funded healthcare program. The Services performed under this Agreement do not involve the counseling or promotion of a business activity that violates any State or federal law.

3.2 Payment of Fees. To the extent funds are available in the Revenue Account (and subject to the priorities set forth in Section 3.6 below), Franchisee will pay, on PC's behalf, the PC Expenses and Management Fee by the fifth (5th) day of each month. Unpaid PC Expenses and Management Fees will be booked as accounts receivable for Franchisee and accounts payable for PC. Unpaid PC Expenses and Management Fees will be paid when there are sufficient funds in the Revenue Account (and subject to the priorities set forth in Section 3.6 below).

3.3 PC Expenses. Commencing on the Effective Date and to the extent funds are available in the Revenue Account, Franchisee will pay on PC's behalf, all unpaid PC Expenses in a timely manner within the limits of business prudence. To the extent funds are unavailable in the Revenue Account, Franchisee may either pay PC Expenses or provide an Advance to PC pursuant to Section 3.4 below. PC will reimburse and indemnify Franchisee for all PC Expenses as follows:

3.3.1 General. All PC Expenses that have been paid by Franchisee will be reimbursed by PC no later than thirty (30) days following the month in which such PC Expenses were paid by Franchisee if sufficient funds are in the Revenue Account to make such payment; if payment would cause the Revenue Account to have insufficient funds, Franchisee will treat the unreimbursed payment as an Advance to PC pursuant to Section 3.4 below.

3.3.2 Non-Cash Expenses. All non-cash PC Expenses (e.g., depreciation and amortization) will be determined monthly in accordance with GAAP and paid contemporaneously with the payment of the Management Fee.

3.4 Payment of Advances.

3.4.1 Advances. If there are insufficient funds in the Revenue Account to pay any PC Expenses or other amounts owed by PC, Franchisee may, in its sole discretion, advance funds on behalf of PC from time to time ("Advance(s)"). PC expressly grants Franchisee the authority to make any Advances during the Term with notice provided by Franchisee to PC, but without any further request made by PC. Franchisee,

however, has no obligation to make any Advance to PC. Notwithstanding anything to the contrary in this Agreement, once there are sufficient funds in the Revenue Account to repay Franchisee, all Advances shall be repaid by PC to Franchisee. Further, any outstanding Advance plus interest unpaid at the date of termination of this Agreement is due and payable immediately at such date, subject to the provisions of Section 6.6.

3.4.2 Interest. Advances will bear interest from the date disbursed by Franchisee until repaid, at the Interest Rate, compounded daily. Interest on such outstanding amounts will be computed on the basis of a three hundred, sixty-five (365) or three hundred, sixty-six (366) day year, as the case may be, and for the actual number of days elapsed. PC agrees to pay Franchisee the sum of all Advances made to PC and all other amounts due and owing to Franchisee under this Agreement, plus interest accrued at the Interest Rate on such amounts according to the terms of this Section 3.

3.5 PC Professional Compensation. To the extent funds are available in the Revenue Account (and subject to the priorities set forth in Section 3.6 below), Franchisee will pay, on behalf of PC when due, all PC Professional Compensation.

3.6 Payment Priority. Each month Franchisee will apply funds that are in the Revenue Account in the following priorities:

3.6.1 To PC Professional Compensation;

3.6.2 To all PC Expenses;

3.6.3 To repay Franchisee for outstanding Advances by Franchisee, plus interest accrued at the Interest Rate;

3.6.4 To reimburse Franchisee for PC Expenses paid by Franchisee;

3.6.5 To accrued and unpaid Management Fees;

3.6.6 To the Management Fee;

3.6.7 To Franchisee or a designated entity for education and training; and

3.6.8 As mutually determined and agreed upon by the Parties.

In the event that either Party directs or diverts funds from the Revenue Account other than in accordance with the Payment Priority as stated above, such action will constitute a material breach of the Agreement, giving the non-breaching Party the right to terminate this Agreement pursuant to Section 6.2.1 or 6.3.1 below. The breaching party will also be obligated to return the funds to the Revenue Account to be disbursed pursuant to Section 3.6 by Franchisee.

ARTICLE IV REPRESENTATIONS & WARRANTIES

4.1 Franchisee. Franchisee represents and warrants the following to PC:

4.1.1 Entity Organization. Franchisee is duly formed, validly existing and in good standing under the laws of the State of <<State>>.

4.1.2 Authorization. The execution, delivery and performance by Franchisee of this Agreement is within its power and has been duly authorized and represents a legal, valid and binding agreement of Franchisee and is enforceable against Franchisee in accordance with its terms. The execution of this Agreement does not and will not violate (1) any provision of applicable law or regulation, (2) its certificate of formation or other comparable organizational documents, or (3) any agreement, judgment, injunction, order, decree or other instrument to which Franchisee is a party or by which Franchisee or any of its properties is bound.

4.1.3 Compliance with Law. Franchisee is in compliance with and will continue to be in compliance with and obey all Federal, State, and local laws, regulations and ordinances relating to its business and Franchisee's obligations under this Agreement.

4.1.4 Litigation. There are no actions, suits or proceedings pending or threatened against Franchisee or any of its affiliates, at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality that would, if decided adversely, have a materially adverse effect on Franchisee or its business.

4.1.5 Exclusion. Neither Franchisee, nor any of its officers, directors, employees or independent contractors have been excluded from participating in any federal or state health care program or debarred from contracting with any governmental agency.

4.2 PC. PC represents, warrants, and covenants the following to Franchisee:

4.2.1 Entity Organization. PC is duly formed, validly existing and in good standing under the laws of the State of <<State>>.

4.2.2 Authorization. The execution, delivery and performance by PC of this Agreement is within its power and has been duly authorized and represents a legal, valid and binding agreement of PC and is enforceable against PC in accordance with its terms. The execution of this Agreement does not and will not violate (1) any provision of applicable law or regulation, (2) its certificate of formation or other comparable organizational documents, or (3) any agreement, judgment, injunction, order, decree or other instrument to which PC is a party or by which PC or any of its properties is bound.

4.2.3 Licensed to PC Medicine. All PC Physicians have, and will maintain during the Term, a current and unrestricted license to practice medicine in the State of <<State>>.

4.2.4 Compliance with Law. PC is in compliance with and will continue to be in compliance with and obey all Federal, State, and local laws, regulations and ordinances relating to its business and the Professional Services which PC provides.

4.2.5 Cooperation. PC and each PC Professional will cooperate with Franchisee and its employees as reasonably requested in the completion of any forms necessary for third (3rd) party reimbursement for physician or non-physician services.

4.2.6 Provision of Services. As a continuing condition of this Agreement, PC and each PC Professional will comply with and provide services in accordance with the laws of the State of <<State>> and the United States.

4.2.7 Patient Records. PC will use its best efforts to assure that each PC Professional

maintains accurate and complete patient medical records.

4.2.8 *Litigation.* There are no actions, suits or proceedings pending or threatened against PC or any of its affiliates, at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality that would, if decided adversely, have a materially adverse effect on PC or its business.

4.2.9 *Exclusion.* Neither PC, nor any of its officers, directors, employees or independent contractors have been excluded from participating in any federal or state health care program or debarred from contracting with any governmental agency.

ARTICLE V PROTECTIVE COVENANTS

5.1 *Confidentiality.* PC acknowledges that Franchisee, in connection with its business, has developed and will develop certain Confidential Information. During the Term, Franchisee will provide PC, or PC will otherwise be exposed to Confidential Information regarding Franchisee's business activities. PC acknowledges it will receive such Confidential Information and agrees not to use, and PC will ensure its PC Professionals, employees, independent contractors, and agents do not use, any such Confidential Information during the Term, except in furtherance of PC's obligations under this Agreement, or anytime thereafter, without the prior written consent of Franchisee. Further, PC will not, and PC will ensure its PC Professionals, employees, independent contractors, and agents do not, directly or indirectly disclose, reveal, or use for the benefit of themselves or others, any Confidential Information of Franchisee without the prior written consent of Franchisee. In the event that PC, or its PC Professionals, employee, independent contractor, or agent is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any Confidential Information, PC will notify Franchisee promptly so that Franchisee may seek a protective order or other appropriate remedy or, in Franchisee's sole discretion, waive compliance with the terms of this Section 5.1. In the event that no such protective order or other remedy is obtained, or Franchisee waives compliance with the terms of this Section 5.1, PC, or its PC Professionals, employee, independent contractor, or agent will furnish only that portion of the Confidential Information which they are advised by counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

5.2 *Non-Solicitation.* In consideration of Franchisee providing Confidential Information to PC, during the Term and for a period of twelve (12) months immediately following termination of this Agreement, PC will not, directly or indirectly, (a) solicit or take away, or attempt to solicit or take away, any of the employees or independent contractors of Franchisee, or its parents, subsidiaries and affiliated companies, either for its own account or on behalf of any other Person; (b) induce or attempt to induce any employee or independent contractor of Franchisee, or its parents, subsidiaries and affiliated companies, to leave the employment or engagement to work for PC or any other Person; or (c) otherwise employ or engage any such Person within twelve (12) months of their termination of employment or engagement by Franchisee, or its parents, subsidiaries and affiliated companies. Notwithstanding the foregoing, the use of general solicitation methods for employees (including through the use of employment agencies) not specifically directed at any specific employee, and the hiring and employment of any person who responds to any such general solicitation, shall not be prohibited by this Section 5.2.

5.3 *Return of Confidential Information & Property.* At any time upon Franchisee's request and upon expiration or termination of this Agreement for any reason, if PC possesses any Confidential Information, PC will return to Franchisee and/or destroy, as directed by Franchisee, all copies of the

Confidential Information, and all Derivatives of such information, and will certify in writing that all such Confidential Information has been returned and/or destroyed. PC, however, may return Confidential Information, or any part of such information, to Franchisee at any time.

ARTICLE VI TERM & TERMINATION

6.1 Term. Performance of obligations set forth in this Agreement will commence on the Effective Date and continue for the Initial Term. This Agreement will automatically renew upon the expiration of the Initial Term and any subsequent renewal terms for additional one (1) year periods unless either Party provides the other Party with notice of its intent to not renew this Agreement at least sixty (60) days, but not more than ninety (90) days, prior to the expiration of the then current Term.

6.2 Termination by PC. PC may terminate this Agreement prior to the expiration of the Term only as follows:

6.2.1 Material Breach. PC may terminate this Agreement immediately upon notice if (1) Franchisee breaches a material provision of this Agreement (other than as provided in (2) below), and such breach is not cured within thirty (30) days after notice specifically stating the nature of such breach has been given to Franchisee by PC (provided such breach is not attributable to acts or omissions of PC); or (2) Franchisee wrongfully fails to remit the payments due as provided in Section 3 of this Agreement (i.e., there are sufficient funds in the Revenue Account and Franchisee intentionally or negligently fails to perform as required under this Agreement) and such failure to remit will continue for a period of fifteen (15) days after notice to Franchisee.

6.2.2 Without Cause. PC may terminate this Agreement without cause upon at least ninety (90) days prior written notice to Franchisee.

6.3 Termination by Franchisee. Franchisee may terminate this Agreement prior to expiration of the Term only as follows:

6.3.1 Material Breach. Franchisee may terminate this Agreement immediately upon notice if (1) PC breaches a material provision of this Agreement (other than as provided in (2) below), and such breach is not cured within thirty (30) days after notice specifically stating the nature of such breach has been given to PC by Franchisee (which breach is not attributable to acts or omissions of Franchisee); or (2) PC fails to timely pay amounts due to Franchisee under this Agreement thirty (30) days after notice has been given to PC by Franchisee.

6.3.2 Suspension. Franchisee may suspend performance under this Agreement if PC is unable to pay, states its intent that it will not pay, or Franchisee reasonably believes PC will not pay amounts due to Franchisee under this Agreement.

6.3.3 Without Cause. Franchisee may terminate this Agreement without cause upon at least ninety (90) days prior written notice to PC.

6.4 Legislative, Regulatory or Administrative Change. If there is a change in the law, the adoption of new legislation, or a change in any third (3rd) party reimbursed system, any of which materially and adversely affects the manner in which either Party may perform or be compensated for its services under this Agreement, the Parties will immediately enter into a new service arrangement or basis for compensation

for the services furnished pursuant to this Agreement that complies with the law and that approximates as closely as possible the economic terms of the Parties under this Agreement prior to the change. If good faith negotiations cannot resolve the matter within thirty (30) days, this Agreement may be terminated by either Party upon notice.

6.5 Insolvency. A Party may immediately terminate this Agreement upon notice if the other Party: (a) becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due; (b) generally is not paying its debts as such debts become due; (c) has a receiver, trustee or custodian appointed for, or take possession of, all or substantially all of its assets, either in a proceeding brought by it or in a proceeding brought against it and such appointment is not discharged or such possession is not terminated within sixty (60) days or it consents to or acquiesces in such appointment or possession; or (d) files a petition for relief under present or future federal or state insolvency, bankruptcy, or similar laws or an involuntary petition for relief is filed against it under any such laws and such involuntary petition is not dismissed within sixty (60) days after filing, or an order for relief naming it is entered under any such law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or later existing is requested or consented to buy it.

6.6 Actions after Termination. Subject to any rights or remedies an aggrieved Party may have under this Agreement or at law, if this Agreement is terminated or expires, all amounts due under this Agreement, including reimbursable PC Expenses, Franchisee Expenses, Management Fee, and the outstanding balance of Advances, will be calculated through the effective date of termination. To the extent funds are available in the Revenue Account (and subject to the priorities set forth in Section 3.6), Franchisee will pay, on behalf of PC, such amounts on the date of termination. To the extent that revenue is received by PC after the date of termination, such revenue will be applied towards such amounts using the payment priority in Section 3.6. Otherwise, PC will not be obligated to pay such amounts to Franchisee following termination of this Agreement. Franchisee shall terminate or assume all vendor or other contracts, leases and agreements entered into by Franchisee on PC's behalf relating the operation of the PC at the Franchisee Locations.

ARTICLE VII INDEMNIFICATION & INSURANCE

7.1 Indemnification by Franchisee. To the extent not covered by insurance, Franchisee will indemnify, defend, and hold Franchisee Indemnitees harmless from any third (3rd) party Claims and Losses resulting from (a) Franchisee's breach of any of Franchisee's representations, warranties, or covenants made under this Agreement; (b) Franchisee's violation of any law, rule, regulation or contractual obligation; (c) any negligent, reckless or intentional acts or omissions of Franchisee, or its employees, independent contractors, or agents related to the provision of services under this Agreement; and (d) to the extent such liability is not caused the action or omission of PC or its representatives, any liabilities of the PC related to operation of the Franchisee Locations, including (i) any liabilities to PC's employees, agents, and servants related to worker's compensation, employment taxes, income withholding, unemployment compensation contributions and other employment and labor related statutes, and (ii) any liabilities of PC related to any vendor or other contracts, leases and agreements entered into by Franchisee on PC's behalf relating the operation of the PC at the Franchisee Locations.

7.2 Indemnification by PC. To the extent not covered by insurance, PC will indemnify, defend, and hold PC Indemnitees harmless from any third (3rd) party Claims and Losses resulting from (a) PC's breach of any of PC's representations, warranties, covenants, or agreements made under this Agreement; (b) PC's (including all PC Professionals) practice of medicine, including any violation of any law, rule, regulation or

contractual obligation by PC or PC Professionals; and (c) any negligent, reckless, or intentional acts or omissions of PC, or its PC Professionals, employees, independent contractors, or agents related to the operation of its PC.

7.3 Defense of Third (3rd) Party Claims. The Indemnitee will give the Indemnitor written notice of any Claim of which defense is sought. However, failure to provide such notice will not relieve the Indemnitor from its obligations under this Agreement, except to the extent the Indemnitor is materially prejudiced as a direct result of such failure. If any such proceeding is brought against an Indemnitee, the Indemnitor will be required to assume the defense of such proceeding, except as otherwise set forth below, using legal counsel acceptable to the Indemnitee in its reasonable discretion. The Indemnitee will cooperate with the Indemnitor at the Indemnitor's expense in connection with the defense and settlement of the Claim. The Indemnitor may not settle any indemnified Claim in a manner that adversely affects the Indemnitee without its prior written consent, which will not be unreasonably withheld or delayed. Further, the Indemnitee may participate in the defense of the Claim through counsel of its own choosing at its own cost and expense. If the Indemnitor fails promptly to assume the defense and employ counsel reasonably satisfactory to Indemnitee, or the Indemnitee has been advised by counsel that there exist actual or potential conflicting interests between the Indemnitor or the Indemnitor's counsel and Indemnitee, the Indemnitee may employ separate counsel to represent Indemnitee. The Indemnitor agrees to pay the fees of separate counsel as incurred. The Indemnitor's obligations under this Section 7 are in addition to any rights that any Indemnitee may have at common law or otherwise.

7.4 Right to Control Defense. If the Indemnitee gives notice to the Indemnitor that, in its good faith judgment, Claim(s) made against it could have a non-monetary material adverse effect on the Indemnitee, the Indemnitee will have the right to control (at the Indemnitor's expense and with counsel reasonably satisfactory to the Indemnitor) the defense (but not with respect to the Indemnitor). If an Indemnitee elects to control the defense under this Section, the Indemnitee will not consent to the entry of a judgment or enter into a settlement that would require the Indemnitor to pay any amounts under this Section 7.5 without the prior written consent of the Indemnitor, which will not to be unreasonably withheld, conditioned, or delayed.

7.5 Indemnification Payment. Indemnitor will pay any Losses awarded by final judgement or agreed upon by settlement to the Indemnitee that are attributable to the Claims. Payment to the Indemnitee will be made within thirty (30) days of a final determination of monies owed.

7.6 Insurance. The Parties will maintain insurance as required by law with reasonable policy limits. In addition, PC will require each of its PC Professionals to secure and maintain, at each PC Professional's own expense professional liability insurance in a minimum amount not less than the amount determined reasonable by Franchisee. Unless covered by an "occurrence" malpractice policy, PC will cause each PC Professional to enter into an agreement with PC that upon termination of such relationship with PC, for any reason, tail insurance coverage will be purchased by the individual. The PC Professional and PC will enforce the provisions relating to the tail insurance coverage or, alternatively, provide tail coverage at the expense of PC.

7.7 Limitation of Liability. The amount of either Party's liability for any default in its obligations under this Agreement is limited to the amount of the actual damages of the non-defaulting Party for such default. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR EXEMPLARY DAMAGES, COSTS, EXPENSES OR LOSSES OR LOST PROFITS UNDER THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 7.7 WILL APPLY REGARDLESS OF THE FORM OF ACTION, DAMAGE, CLAIM, LIABILITY, COST, EXPENSE, OR LOSS, WHETHER IN CONTRACT, STATUTE, TORT (INCLUDING NEGLIGENCE), FAILURE OF ESSENTIAL PURPOSE OR OTHERWISE, AND EVEN IF ADVISED OF

THE LIKELIHOOD OF SUCH DAMAGES

ARTICLE VIII REGULATORY COMPLIANCE

8.1 Compliance with Laws & Regulations. Each Party represents and warrants to the other Party that it is, and will remain throughout the Term, in compliance with all applicable federal and state laws and regulations related to this Agreement including, without limitation, statutes and regulations related to fraud, abuse, false claims and statements, self-referrals, and prohibition of kickbacks. This Agreement is intended to comply with the Parties' good faith interpretation of existing health care laws and regulations, and other applicable federal and state laws and regulations. The Parties enter into this Agreement with the intent of conducting their relationship in full compliance with all such laws and regulations governing their relationship, the purchase and sale of services or products and the performance of and compensation for the Professional Services. Notwithstanding any unanticipated effect of any provision of this Agreement, no Party will knowingly or intentionally conduct itself in such a manner as to violate any such laws or regulations. This Agreement will be construed in a manner consistent with compliance with all applicable statutes and regulations, and the Parties agree to take such actions as are necessary to construe and administer this Agreement consistent with such laws.

8.2 No Patient Referrals. Franchisee's compensation under this Agreement is in no way based on the volume or value of referrals generated. Nothing in this Agreement will be construed as a solicitation, receipt, offer, or payment of any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for referring an individual for the furnishing of any item or service or for arranging or recommending such for which payment may be made, in whole or in part, by Medicare, Medicaid, or any other governmental medical program. Any Person in a position to make referrals may refer patients to any entity providing such products or services and will make his/her referrals, if any, consistent with such Person's professional medical judgment and the needs and wishes of the individual patient.

ARTICLE IX ADDITIONAL PROVISIONS

9.1 Assignment. Neither Party will not assign this Agreement or any of its obligations under this Agreement without the prior written consent of the other Party. Any attempted assignment without consent is void. Subject to the forgoing, this Agreement inures to the benefit of and is binding upon each Parties' successors and heirs.

9.2 Governing Law. This Agreement will be governed by <<State>> law (without reference to its rules as to conflicts of law).

9.3 Waiver of Jury Trial. PURSUANT TO THIS SECTION 9.3, EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT, WHETHER NOW EXISTING OR LATER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE.

9.4 Rules of Construction.

9.4.1 Interpretations. The Parties agree that neither Party nor its representatives will be deemed the drafter of this Agreement. In construing this Agreement, no provision will be construed in favor of one (1) Party on the grounds that it was drafted by the other Party. If any claim is made by a Party relating to any conflict, omission, or ambiguity in the provisions of this Agreement, no presumption, burden of proof, or persuasion will be implied because this Agreement was prepared by or at the request of a Party or its counsel.

9.4.2 Captions. The headings and captions of this Agreement are inserted for reference convenience and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph, or provision of this Agreement.

9.4.3 Limitations. Unless otherwise expressly provided, the words “include(s),” “included,” or “including” do not limit the preceding words or terms.

9.4.4 Pronouns. Pronouns will refer to the masculine, feminine, neuter, singular or plural as the context will require.

9.5 Amendment. Amendments of a provision of this Agreement will not be binding unless the amendment is in writing and signed by an authorized representative of each Party.

9.6 Waiver. The failure of either Party to insist in one or more instances upon performance of any terms of this Agreement will not be construed as a waiver of future performance required by the term. No term of this Agreement may be waived except by written consent of the waiving Party. All remedies, rights, undertakings, and obligations contained in this Agreement will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of a Party.

9.7 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior proposals, understandings, and agreements, whether oral or written, between the Parties with respect to the subject matter of this Agreement.

9.8 Severability. The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement will not affect the enforceability of any other provisions. If one (1) or more provisions of this Agreement are declared unenforceable, the remaining provisions will be enforceable and construed in the broadest possible manner to effectuate the purposes of this Agreement.

9.9 Counterparts. This Agreement may be executed in multiple counterparts and by facsimile signature or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000 (e.g., www.docusign.com).

9.10 Notices. All notices under this Agreement will be in writing (including electronic form) and will be delivered to the address set forth by each Party in this Agreement, or to such other party and/or address as any of such Parties may designate in a written notice served upon the other Parties. Each notice will be given and will be effective: (a) if delivered by hand, when so delivered; (b) if delivered by nationally recognized overnight courier service or sent by United States Express Mail, upon confirmation of delivery; (c) if delivered by certified or registered mail, on the third (3rd) following day after deposit with the United States Postal Service; (d) if delivered by facsimile, upon confirmation of successful transmission; or (e) if delivered by email, upon confirmation of receipt by the other Party in writing by return email.

9.11 Independent Contractors. The Parties acknowledge and agree that the Parties are at all times independent contractors under this Agreement. Further, no employment, partnership, joint venture or landlord and tenant relationship exists. Except as otherwise provided in this Agreement, neither Party is the agent of

the other. PC will neither have nor exercise any control or direction over the methods by which Franchisee or Franchisee Professionals practice medicine. The sole function of PC under this Agreement is to provide all management services in a competent, efficient and satisfactory manner. PC will not, by entering into and performing its obligations under this Agreement, become liable for any of the obligations, liabilities or debts of Franchisee existing on the Effective Date unless otherwise specifically provided for under the terms of this Agreement. Franchisee will not, by entering into and performing its obligations under this Agreement, become liable for any of the obligations, liabilities, or debts of PC existing on the Effective Date, unless otherwise specifically provided for under the terms of this Agreement. PC will in its management role have only an obligation to exercise reasonable care in the performance of the management services. Neither Party will have any liability whatsoever for damages suffered on account of the willful misconduct or negligence of any employee, agent, or independent contractor of the other Party. Each Party will be solely responsible for compliance with all State and Federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes regarding their respective employees, agents, and servants.

9.12 Legal Costs & Expenses. In the event that any suit or legal proceeding is instituted concerning or arising out of this Agreement, the substantially prevailing party will be entitled to all of such Party's costs, including, without limitation, the court costs and reasonable attorneys' fees incurred in each and every such action, suit or proceeding, including any and all appeals.

9.13 Survival. In addition to the periods expressly set forth in the respective provisions of this Agreement, the terms of Section 6.6 and Section 3 will survive this Agreement for so long as any amounts are owed to PC by Franchisee; the terms of Section 2.5 will survive this Agreement for twelve (12) months; the terms of Sections 4, 5, 7 and 9, and Exhibit A will survive this Agreement indefinitely.

The Parties have executed this Agreement duly authorized to be effective as of the Effective Date.

PC

FRANCHISEE

By: <<PC Director>>
Director of
<<PC>>

By: <<Principal Operator>>
<<Position>> of
<<Franchisee>

EXHIBIT A DEFINITIONS

As used in this Agreement, the following defined terms have the meanings set forth below. The definition of a term applies to all variants of the term. Where a plural term is defined, reference to a singular form refers to a single member of the group defined by the plural term. If the group defined by a plural term consists of one (1) member, it is equivalent to the singular.

1. "Agreement" means this Management Services Agreement dated to be effective as of the Effective Date, as it may be amended from time to time, including all appendixes, exhibits, addendums, and

other attachments that are expressly incorporated into this Agreement.

2. “Business Records” means all records relating to the operation of Franchisee at the Franchisee Locations excluding all patient medical records and patient files and other records or documents which relate to patient treatment by physicians.

3. “Claims” means each and every claim, request, accusation, allegation, assertion, complaint, petition, demand, suit, action, proceeding, and cause of action of every kind and description.

4. “Confidential Information” means any and all non-public, confidential proprietary information, Trade Secrets, and such other confidential information of or relating to Franchisee, or its parents, subsidiaries and affiliated companies, furnished by Franchisee and/or its representatives to PC or its representatives, or otherwise learned by PC or its representatives during the Term, including but not limited to (a) any useful invention, process, formula, composition of matter, or device which is being used or studied and is not described in a patent; (b) any engineering, technical, or product specifications of any current or future product; (c) any ideas, designs, drawings, concepts, software (whether in source or object code), flow charts, algorithms, research, developments, engineering, technology, data or know-how, or any documentation related to any of the foregoing, whether or not copyrighted, patented, or patentable; (d) information concerning business plans, product plans, pricing strategies, licensing strategies or marketing strategies; (e) information regarding executives, personnel, assignments, customers or suppliers; (f) financial information; (g) training, policy, and procedure manuals; (h) information received from a third (3rd) party pursuant to an obligation of confidentiality; (i) information derived from samples or other materials provided by PC, as to either the nature of such or materials or any processes, know-how or technology embodied in the foregoing; and (j) all analyses, compilations, studies, extracts, summaries, and other documents prepared by or for Franchisee, which contain, are based upon, or otherwise reflect Confidential Information or Trade Secrets or Franchisee’s review of Confidential Information or Trade Secrets, as well as any such information disclosed during or created in conjunction with investigations, reviews, analyses, discussions, and/or negotiations between the Parties. Confidential Information includes any of the foregoing that is reasonably deemed confidential and/or proprietary under the facts and circumstances of disclosure, whether disclosed in writing or orally furnished by PC prior to or subsequent to the Effective Date and whether or not marked “confidential”. Notwithstanding the foregoing, Confidential Information will not include information which: (1) Franchisee can establish by written records was known to Franchisee at or prior to the time of disclosure by PC, except to the extent unlawfully appropriated by Franchisee, its representatives or a third (3rd) party; (2) at or after the time of disclosure by PC becomes generally available to the public through no wrongful or negligent act or omission on Franchisee’s or its representatives’ part; (3) Franchisee can establish by written records was received by Franchisee from a third (3rd) party free to make such disclosure without breach of any legal obligation; or (4) Franchisee can establish by written records was independently developed by or for Franchisee without use of the Confidential Information.

5. “Derivatives” means: (a) for copyrightable or copyrighted material, any translation, abridgement, revision, or other form in which an existing work may be recast, transformed or adapted; (b) for patentable or patented material, any improvement on the material; and (c) for material which is protected by Trade Secret, any new material derived from such existing Trade Secret material, including new material which may be protected by copyright, patent, and/or Trade Secret.

6. “Effective Date” means <<date>>.

7. “GAAP” means generally accepted accounting principles applied on a consistent basis, set forth in the Opinions of the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, or their successors which are applicable in the circumstances as of the date in question.

The requisite that such principles be applied on a consistent basis will mean that the accounting principles observed in a preceding period are comparable in all material respects to those applied in the current period.

8. “Indemnitee” means a Person entitled to be indemnified, defended, and/or held harmless by a Party pursuant to Section 7 of this Agreement.

9. “Indemnitor” means a Party required to indemnify, defend, and/or hold harmless a Person pursuant to Section 7 of this Agreement.

10. “Initial Term” means the initial term of this Agreement beginning on the Effective Date and continuing for one (1) year.

11. “Interest Rate” means the lesser of one- and one-half percent (1.5%) per month or the maximum rate allowable pursuant to applicable law.

12. “Leased Personnel” means all Non-Medical Personnel and Non-Physician Medical Personnel leased to PC in accordance with Exhibit B.

13. “Loss” means each and every liability, loss, damage, and injury (including injury or damage to any property right, and injury, damage, or death to any Person), wound, wrong, hurt, harm, expense, deficiency, diminution in value, obligation, expenditure and disbursement of any kind or nature (including all fees, costs, and expenses of investigation, travel expenses, and value of time expended by personnel), settlement, fine, fee, cost, cost of court, and all expenses of litigation (including reasonable attorneys’ fees) incident to any of the foregoing.

14. “Management Fee” means the monthly fee payable by PC to Franchisee for services performed by Franchisee, pursuant to this Agreement, including consideration for the trademark rights granted to Franchisee in Schedule B(m), in the amount of <<\$[amount]>> per month.

15. “PC” means <<PC Entity>>, a <<State>> professional corporation with offices at 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069.

16. “Franchisee Expenses” means any and all costs and expenses incurred by Franchisee in the performance and provision of the comprehensive management, administrative and other related services pursuant to this Agreement including but not limited to the following:

16.1 Rent for the sublease of space as contemplated in Schedule B(d) of the Agreement.

16.2 All salaries, benefits, and associated payroll costs paid to Non-Medical Personnel leased to the Franchisee.

16.3 Rent for the lease of medical equipment as contemplated in Schedule B.5 of the Agreement.

17. “Franchisee Indemnitee” means Franchisee, its officers, directors, managers, shareholders, members, agents, employees, successors, and assigns.

18. “PC Personnel” means all personnel as detailed and assigned in Exhibit B.

19. “Non-Medical Personnel” means all personnel, including accountants, bookkeepers, office

managers, and receptionists who perform services, which do not constitute the PC of medicine, for or on behalf of PC and may be leased to PC by Franchisee.

20. “Non-Physician Medical Personnel” means all personnel, including registered nurses, licensed professional nurses, medical assistants, and physician assistants who perform services for or on behalf of PC and may be leased to Franchisee by PC.

21. “Party” and “Parties” means PC and/or Franchisee, as applicable.

22. “Payor Plan” means any health maintenance organization, preferred provider organization, employer self-insured plan, governmental plan such as Medicare/Medicaid other insurance plan or company which contracts with PC for the provision of medical services to beneficiaries of the payor plan.

23. “Person” means a natural person, corporation, business trust, estate, trust, custodian, trustee, executor, administrator, nominee, partnership, limited liability partnership, limited partnership, association, limited liability company, government, governmental subdivision, governmental agency, governmental instrumentality, any other legal or commercial entity, in its own or representative capacity.

24. “Physician Contractor” means any physicians, not classified as a Physician Employee, providing medical services for which PC bills and collects fees or other consideration.

25. “Physician Employee” means any physician employed by PC and providing medical services to patients on behalf of PC.

26. “Physician Extender” means any non-physician professional employee employed by or under contract with PC who provide direct patient care for which a billed charge is generated.

27. “PC” means the non-invasive medical services provided under the Next Health name by <<PC Entity>>, a <<State>> professional corporation, located at <<Address>>.

28. “Franchisee Expense(s)” means the amount of the following operating expenses, on a cash basis, incurred in the operation of Franchisee:

28.1 Salaries, benefits (including contributions under any PC or Franchisee benefit plan), and other direct costs of Franchisee employees or contractors.

28.2 Cost of goods sold relating to the provisions of Professional Services according to GAAP.

28.3 All insurance expenses for insurance obtained pursuant to Section 7.6 of this Agreement for Franchisee Professionals.

28.4 Any provider tax assessed against PC or any PC Professional by the State of <<State>> and any sales and use taxes assessed against PC or any PC Professional related to PC’s operations or the practice of medicine by any PC Professional or assessed against Franchisee related to services provided under this Agreement.

28.5 Any federal or state income or franchise taxes of Franchisee.

28.6 Any liabilities, judgments or settlements assessed against Franchisee or Franchisee

Professionals in excess of any insurance policy limits, including attorneys' fees.

28.7 Expenses incurred in connection with any employee benefit plan maintained by Franchisee.

28.8 Any liabilities, judgments, settlements or indemnity expenses arising, commencing or related to activities prior to the Effective Date.

28.9 Interest expense for borrowings by Franchisee but not including accrued interest for Advances.

28.10 Fees and cost incurred by PC for the professional services of its counsel and certified public account in connection with this Agreement.

28.11 Any other expense incurred in the operation of the Franchisee.

29. "PC Indemnitee" means Franchisee and its officers, directors, managers, shareholders, members, agents, employees, successors, and assigns.

30. "Franchisee Location(s)" means the clinic location at which PC will render the non-invasive Professional Services, and all other location(s) added to this Agreement by an addendum identifying and setting forth the physical address of such additional Franchisee Location(s).

31. "PC Physicians" means all Physician Employees and Physician Contractors.

32. "PC Professionals" means PC Physicians, Physician Extenders, and Technical Employees.

33. "PC Professional Compensation" means compensation payable to PC Professionals for the services provided to PC including compensation to the current medical director beginning on the Effective Date.

34. "PC Revenue(s)" means all amounts received by PC from all sources including all contractual payments, gross revenue, capitation payments and fees and co-payments, including ancillary health care service revenue, and any other revenues of a nature that have historically been recorded by PC for the delivery of medical and other services to patients, including Professional Services, medical ancillary services, pharmaceuticals and other items and supplies sold to patients, and other fees or income generated by PC, PC Professionals or PC Physicians (acting within the scope of their duties to PC) for services rendered by PC at the Franchisee Locations.

35. "Professional Services" means all non-invasive professional medical services provided by PC at the Franchisee Locations.

36. "Revenue Account" means the bank account(s) established and maintained by Franchisee in the name of PC for the deposit of all PC Revenues, payment of all PC Expenses, and payment of all amounts due to Franchisee under this Agreement. For purposes of this Agreement, Revenue Account will include any such investment accounts of Franchisee in which funds collected pursuant to this Agreement have been deposited.

37. "Technical Employee" means any technician who provides services in any diagnostic areas for PC.

38. “Term” means the Initial Term and any subsequent renewal terms of one (1) year unless otherwise terminated pursuant to the terms of this Agreement.

39. “Trade Secret” means any and all Confidential Information, which qualifies as a “trade secret” under Federal law.

40. “Trademark” means any trademark and service mark (registration, renewal, application and non-registered trademark and service mark), trade name, trade dress, logo, design, slogan, domain name, and other source identifying indicia, together with all goodwill related to the foregoing, and similar rights of any type under the laws of any governmental authority, domestic or foreign, now known or later developed.

EXHIBIT B SERVICES

Consistent with the provisions of this Agreement and subject to PC's oversight and ultimate authority, Franchisee will have the responsibility and commensurate authority to provide such full-service management services for PC and recruit, qualify, hire, and supervise all Non-Medical Personnel required to support the management and administration of Franchisee as agreed to by the Parties. The Parties agree such full-service management services may include the following:

1. **Records & Accounts.** Franchisee will provide all bookkeeping and accounting services necessary or appropriate to the functioning of the PC at the Franchisee Locations including maintenance, custody, and supervision of all Business Records. Franchisee will use reasonable efforts to preserve the confidentiality of patient medical records and use information contained in these records only for the limited purposes necessary to perform the services set forth in this Agreement. A breach of this confidentiality is not a default under this Agreement. All Business Records are the property of Franchisee. Upon expiration or termination of this Agreement, PC will retain all patient medical records and patient files maintained by PC. Franchisee will provide access to the Business Records to PC and its advisors upon request.

2. **Billing, Collections.** Subject to PC's oversight and ultimate authority, Franchisee will be responsible, for and on behalf of PC, as its agent, for billing and collecting the charges made with respect to all medical services provided by PC at the Franchisee Locations unless otherwise agreed in writing. The extent to which Franchisee attempts to collect such charges, the methods of collection and the amount of settlements with respect to disputed charges, and the determination of which charges are not collectible, will be determined by Franchisee. However, the fee schedule to determine the cost of such services will be determined solely by PC.

3. **Personnel.**

3.1 Franchisee Personnel are staff employed and paid by Franchisee to perform management services on behalf of Franchisee for the benefit of PC. Franchisee Personnel are controlled by Franchisee and generally are not a PC Expense. However, if Franchisee Personnel perform services that are listed as PC Expenses under Exhibit A, or services requested by PC that Franchisee and PC have agreed will be treated as a PC Expense, the applicable portion of Franchisee Personnel's time may be reimbursed by PC as a PC Expense.

3.2 **Leased Personnel.**

3.2.1 Except as otherwise provided in subsection 3, all Non-Medical Personnel (which does not include PC Professionals) will be directly employed by Franchisee with Non-Medical Personnel being leased to the PC as follows:

3.2.1.1 Non-Medical Personnel will be employees or independent contractors of Franchisee, and the cost of Non-Medical Personnel, including but not limited to their salaries, benefits and associated payroll costs, will be borne by Franchisee. Franchisee will select for employment and terminate the employment of all Non-Medical Personnel as Franchisee deems necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Medical Personnel, as well as determining the rates of compensation for such personnel.

3.2.1.2 Non-Medical Personnel will perform their day-to-day duties at PC

and will be under the supervision and direction of PC for those day-to-day duties. Non-Medical Personnel will be subject to the reasonable instructions, directions and policies of PC in the performance of their duties. All time spent by Non-Medical Personnel performing day-to-day duties for, on behalf of, or for the benefit of PC will be reimbursable by PC as a PC Expense at the rates agreed upon by PC and Franchisee. Non-Medical Personnel, to the extent required for PC to direct their duties, would be co-employed by PC.

3.2.1.3 Franchisee and PC may specifically agree in writing for certain Non-Medical Personnel providing any services for, on behalf of, or for the benefit of PC to be directly employed by or contracted with PC. Such Non-Medical Personnel would be employees or independent contractors employed or engaged by PC, and the selection and terms of employment or engagement, including the rates of compensation, supervision, direction, training and assignment of duties would be determined and controlled by PC.

3.2.2 Except as otherwise provided in subsection 3.2.1.3, all Non-Physician Medical Personnel will be directly employed by Franchisee with Non-Physician Medical Personnel being leased to the PC as follows:

3.2.2.1 Non-Physician Medical Personnel will be employees of Franchisee, and the cost of Non-Physician Medical Personnel, including but not limited to their salaries, benefits and associated payroll costs, will be borne by Franchisee and not passed on to PC. Franchisee may select for employment and terminate the employment of all Non-Physician Medical Personnel as Franchisee deems necessary or advisable.

3.2.2.2 Consistent with this Agreement, PC will provide supervision of the Non-Physician Medical Personnel. Such supervision will include on-site supervisions and delegation of duties consistent with state and federal law, regulations, certification, and generally accepted community standards. Non-Physician Medical Personnel will be subject to the reasonable instructions, directions and policies of PC in the performance of their duties. All time spent by Non-Physician Medical Personnel performing duties for or on behalf of PC will be reimbursable by PC as a PC Expense at the rates agreed upon by Franchisee and PC. Non-Physician Medical Personnel, to the extent required for PC to direct their duties, would be co-employed by PC.

3.2.2.3 Franchisee and PC may specifically agree in writing for certain Non-Physician Medical Personnel providing any services for or on behalf of PC to be directly employed by or contracted with PC. Such Non-Physician Medical Personnel would be employees or independent contractors employed or engaged by PC, and the selection and terms of employment or engagement, including the rates of compensation, supervision, direction, training and assignment of duties would be determined and controlled by PC.

3.3 Franchisee may provide assistance to PC in recruiting and evaluating prospective physicians and Leased Personnel as employees or independent contractors of PC. PC will make all decisions relating to hiring, training, managing, and termination of medical personnel.

3.4 Franchisee will comply and will ensure compliance by PC with all applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects in connection with all Leased Personnel. Franchisee will indemnify, defend, and hold Franchisee Indemnitees harmless from any Claims and Losses resulting from violation of applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects in connection with all Leased Personnel.

3.5 All Franchisee Personnel and Leased Personnel will be subject to Franchisee's general policies and procedures regarding human resources (with PC retaining ultimate responsibility for the hiring, firing, training and compensation of medical personnel and Non-Physician Medical Personnel). Subject to clinical issues that would dictate otherwise, PC will adopt personnel policies and procedures that are consistent with Franchisee's policies and procedures. These policies and procedures will, at a minimum, establish fair and uniform standards for personnel, and provide procedures for resolving disputes between supervisors and the personnel.

4. Space. Pursuant to the sublease agreement entered into between the Parties attached under Schedule 2.4, which is incorporated by reference, Franchisee has subleased to PC the space necessary for operation which PC deems appropriate for its needs and will have use of on an exclusive, full-time basis.

5. Equipment. PC has ultimate authority over all medical equipment used in Franchisee location. Franchisee will suitably furnish and equip the space subleased pursuant to subsection 4 above as set forth in this Agreement for PC's operation. Franchisee will provide all non-medical equipment, software, fixtures, office supplies, furniture and furnishings. In addition, Franchisee agrees to lease to PC the Medical Equipment deemed reasonably necessary by PC for the operation of the PC pursuant to the terms and conditions described on Schedule B(e), which is attached and incorporated by reference. If PC deems it necessary to acquire new medical equipment, the Franchisee may decline to purchase the medical equipment and lease the equipment to the PC under Schedule B(e).

6. Marketing & Advertising Programs. Subject to PC's oversight and ultimate authority, Franchisee will, following consultation with PC, develop marketing and advertising programs for PC; provide advice and assistance to PC on overall marketing programs, and determine and analyze the effect of such programs; plan, create, write and prepare advertising materials; negotiate contracts with advertising media for space and time; and obtain services necessary in connection with the production and presentation of advertisements. Notwithstanding anything to the contrary, PC must make all final decisions relating to marketing and advertising materials.

7. Vendor & Other Contracts. Subject to PC's oversight and ultimate authority, PC (or its designee) will be the exclusive negotiator, as agent and on behalf of Franchisee, of all (1) agreements with all vendors and other entities for all service, software, and technology contracts, and the purchase and/or lease of equipment, supplies, and materials that are necessary for the operation of PC at the Franchisee Locations; (2) agreements with facilities for the provision of medical services to patients; and (3) all Payor Plan agreements. PC would promptly refer inquiries by or relating to all such agreements to Franchisee, as PC's sole agent, for discussion and negotiation of all such potential agreements. Franchisee and PC, however, will mutually determine which such potential agreements to explore and negotiate and which such agreements PC will ultimately enter into as a contractual party. With respect to vendors and other entities for service, software, and technology contracts, and the purchase and/or lease of equipment, supplies, and materials that are necessary for the operation of PC at the Franchisee Locations, such goods and services will be provided by Persons affiliated with Franchisee provided (i) the terms and conditions of the transaction, on any overall basis, are fair and reasonable to the PC and are at least as favorable to the PC as those that are generally available from Persons capable of similarly performing them and in similar transactions between parties operating at arm's length; or (ii) approval of the PC is obtained. Franchisee may receive discounts on goods and services it obtains for PC. Franchisee is not obligated to pass on such discounts and may add a reasonable markup to the cost of goods and services obtained for PC.

8. Insurance. Franchisee will make reasonable efforts to obtain and maintain in full force and effect during the Term, general liability and property insurance which Franchisee deems appropriate to protect

against loss, claims, and other risks, or which is necessary to comply with the terms of lease agreements for the PC, and Franchisee will assist PC and the physicians in obtaining professional liability insurance.

9. Supplies; Inventory. Franchisee will acquire and supply to PC all non-medical supplies which may be reasonably required in connection with the operation of PC at the Franchisee Locations. Subject to PC's oversight and ultimate authority, Franchisee will, on behalf of PC, acquire all medical supplies and other inventory needs which may be reasonably required in connection with the operation of PC at the Franchisee Locations.

10. Bank Accounts, Cash Management. Franchisee is authorized to establish and maintain for and on behalf of PC bank accounts for the collection and disbursement of PC's funds generated at the Franchisee Locations. Franchisee will manage all cash and cash equivalents of PC related to the Franchisee Locations. PC acknowledges the importance of Franchisee's access to such accounts in providing services under this Agreement. Accordingly, PC agrees that if PC prevents or otherwise terminates Franchisee's access to any such accounts, including the Revenue Account, during the Term for any reason other than in the case of Franchisee's fraud or knowing and intentional misappropriation of PC's funds, as finally judicially adjudicated by a court of competent jurisdiction, Franchisee may immediately terminate this Agreement, cease providing all services to PC, and terminate any other agreements between the Parties upon notice to PC.

11. Litigation Management. Franchisee will, following consultation with PC, (1) manage and direct the defense of all claims, actions, proceedings or investigations against the PC or any of its officers, directors or employees in their capacity as such relating to the operations of PC at the Franchisee Locations, and (2) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by PC against any person other than Franchisee relating to the operations of PC at the Franchisee Locations. However, PC will have the ultimate authority to settle all matters and direct the prosecution of such claims.

12. Licenses & Permits. PC will, on behalf of and in the name of Franchisee, coordinate all development and planning processes, and apply for and use reasonable efforts to obtain and maintain all federal, state, and local licenses and regulatory permits required for or in connection with the operation of PC at the Franchisee Locations and equipment (existing and future) located at the Franchisee Locations, other than those relating to the practice of medicine or the administration of drugs by physician retained by or associated with PC.

13. License Agreement. Franchisee owns all intellectual property rights in and to certain intellectual property, including a Trademark (as defined in Exhibit B). Franchisee agrees to license to PC the Trademark to be used in connection with its operations pursuant to the terms and conditions described on Schedule B(m), which is attached and incorporated by reference.

14. Quality Assurance & Compliance Programs. Subject to PC's oversight and ultimate authority, Franchisee will assist PC in developing and implementing relevant and appropriate compliance programs to assist PC in maintaining adherence to regulatory and contractual requirements. Franchisee will also provide assistance to PC in the establishment of utilization review/quality assurance programs and maintenance and implementation of such programs.

15. Tax Returns. Franchisee will assist PC in the preparation and filing of W-2's as 1099's annually for each employee and contractor of PC.

16. Financial Planning & Reports. Franchisee will provide financial planning and propose annual budgets for PC. Franchisee will create and prepare ad-hoc reports as necessary to demonstrate the financial

| [and operational activities of PC.](#)

EXHIBIT B.1
SUBLEASE AGREEMENT

1. Parties. This Sublease Agreement (“**Sublease**”), dated to be effective as of <<Effective Date>> (“**Effective Date**”), is made between <<Franchisee Entity Name>> (“**Sublandlord**”) and <<PC Entity>> (“**Subtenant**”). Unless otherwise defined in this Sublease, capitalized terms have the meanings set forth in the lease agreement between Landlord (defined below) and Sublandlord dated <<Lease Execution Date>> (“**Master Lease**”).

2. Premises. Sublandlord subleases to Subtenant on the terms and conditions set forth in this Sublease the exclusive right to use certain designated space Sublandlord is leasing from <<Landlord>> (“**Landlord**”), located at <<Landlord Address>>. (“**Premises**”) comprising <<rentable square feet>> rentable square feet of the Premises (“**Sublease Premises**”).

3. As-Is. Subtenant specifically acknowledges and agrees that the Sublease Premises is being sublet by Sublandlord to Subtenant in its “As-Is” condition and with no obligation for Sublandlord to make any improvements to the Sublease Premises or otherwise maintain or repair the Sublease Premises.

4. Term & Conditions Precedent. Subject to the terms in this Agreement, the “**Term**” of this Sublease shall commence on the Effective Date, and end on termination of the Management Services Agreement, unless otherwise terminated as set forth below (“**Termination Date**”). Possession of the Sublease Premises (“**Possession**”) shall be delivered to Subtenant on the commencement of the Term. In the event of the termination of Sublandlord’s interest as Tenant under the Master Lease with Landlord, or the termination of the Management Services Agreement for any reason, then this Sublease will terminate automatically upon such termination without any liability of the Landlord or Sublandlord.

5. Rent. Subtenant will pay to Sublandlord, rent attributable to the Sublease Premises as part of Sublandlord’s Franchisee Expenses as set forth in the Management Services Agreement.

6. Security Deposit. Not applicable.

7. Office Keys. On or before the Effective Date, Sublandlord will provide Subtenant with office keys to the Premises.

8. Use of Premises. The Sublease Premises will be used and occupied by Subtenant solely for treatment purposes in connection with Subtenant’s provision of aesthetic, wellness, and anti-aging medical procedures and treatments and for no other purpose.

9. Assignment & Subletting. Subtenant may not assign this Sublease or further sublet all or any part of the Sublease Premises without the prior consent of Sublandlord.

10. Governing Law. This Sublease is governed by the laws of the State of <<State>>.

11. Attorneys’ Fees. If a party commences an action against the other arising out of or in connection with this Sublease, the prevailing party is be entitled to recover its costs of suit and reasonable attorneys’ fees.

12. Agency Disclosure. Sublandlord and Subtenant each warrant that they have dealt with no real estate broker in connection with this transaction.

13. Notices. All notices and demands by either party on the other hereunder must be in writing.

The undersigned have executed this Sublease duly authorized to be effective as of the Effective Date.

SUBLANDLORD

SUBTENANT

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

By: <<PC Entity Director>>
Director of
<<PC Entity>>

EXHIBIT B.2
MEDICAL EQUIPMENT LEASE TERMS

1. Medical Equipment. Franchisee is the owner and/or lessee of certain medical equipment located at Franchisee Locations (“**Medical Equipment**”). PC has examined the Medical Equipment and determined that the Medical Equipment is necessary and appropriate for the provision of PC’s professional medical services at Franchisee Locations.

2. General Lease Terms.

2.1 Grant of Lease. During the Term, provided PC remains in compliance with the terms of this Agreement, Franchisee agrees to the exclusive, full-time lease of the Medical Equipment to PC in accordance with the terms of this Agreement and, more specifically, this Exhibit B.2. PC will use the Medical Equipment in a careful and proper manner and will comply with and conform to all applicable laws, ordinances, and regulations in any way relating to the possession, use, or maintenance of the Medical Equipment. All rights, titles and interest in and to the Medical Equipment, including any custom development or modifications, is the exclusive property of Franchisee. PC covenants and agrees that it will not take any action or assist any third (3rd) party in any action that may impair Franchisee’s ownership rights to the Medical Equipment.

2.2 Warranty Limitation. FRANCHISEE MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THIS SCHEDULE II.II, INCLUDING THE MEDICAL EQUIPMENT, AND PC EXPRESSLY WAIVES AND FRANCHISEE DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES, INCLUDING ANY WITH RESPECT TO TITLE, NON-INFRINGEMENT, MERCHANTABILITY, VALUE, RELIABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PC’S USE OF THE MEDICAL EQUIPMENT IS AT ITS OWN RISK ON AN “AS IS” BASIS.

2.3 Repairs & Maintenance. PC, at its own cost and expense, will keep the Medical Equipment in good repair, condition, and working order and pay for regular cleaning and preventative maintenance during the Term and until PC delivers the Medical Equipment to Franchisee in the same condition it was in when delivered to PC, normal wear and tear excepted.

2.4 Taxes. PC will keep the Medical Equipment free and clear of all levies, liens, and encumbrances. PC, or Franchisee as a PC Expense, will report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts, taxes arising out of receipts from use or operation of the Medical Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing, together with any penalties or interest, imposed by any state, federal or local government or any agency, or department upon the Medical Equipment or the use, operation, or leasing of the Medical Equipment or otherwise in any manner and whether or not the same will be assessed against or in the name of PC or Franchisee. However, Franchisee, on behalf of PC, will not be required to pay or discharge any such tax or assessment so long as it will contest, in good faith and by appropriate legal proceedings, the validity of such proceedings in any reasonable manner which will not affect or endanger the title and interest of Franchisee to the Medical Equipment. In case of failure of PC to have sufficient funds in the Revenue Account to pay fees, assessments, charges and taxes, all as specified in this Agreement, Franchisee will have the right, but not the obligation, to pay such fees, assessments, charges and taxes, as the case may be. In that event, PC will promptly reimburse Franchisee for such costs in accordance with this Agreement.

2.5 Insurance; Risk of Loss. During the Term, PC must maintain insurance coverage for

the full value of the Medical Equipment and insurance coverage against liability for bodily injury, including death, and property damage arising out of the ownership, maintenance, use and operation of the Medical Equipment with limits acceptable to Franchisee. PC must ensure the policies name Franchisee as additional insured and provide a waiver of subrogation in favor of Franchisee. Such coverage must be in a form acceptable to Franchisee and PC must deliver all policies of insurance, or evidence satisfactory to Franchisee of such coverage, upon Franchisee's request. PC's insurer must agree, by endorsement upon the policy issued by it, or by an independent document provided to Franchisee, that it will give Franchisee thirty (30) days prior written notice of the effective date of any alteration or cancellation of such policy and that such notice will be sent to Franchisee via certified mail, return receipt requested at the address in this Agreement. Except as otherwise provided in this Agreement, PC assumes the risk of loss of, or damage to the Medical Equipment from any and every cause whatsoever, including, but not limited to, casualty, collision, upset, fire, theft, malicious mischief, vandalism, graffiti, glass breakage, and mysterious disappearance.

2.6 Compliance with Law. The Parties intend that this lease of Medical Equipment complies with all applicable law including, without limitation, the Medicare/Medicaid Fraud and Abuse statutes, Federal Stark and Anti-Kickback, and similar State and Federal laws. The Parties acknowledge that (a) the rent is fair market value for the lease of the Medical Equipment in an arm's-length transaction, and (b) no portion of the respective consideration flowing to the Parties is intended to induce or be compensation for past or future referrals of patients or medical services by one (1) Party to the other Party. Nothing will require, directly or indirectly, that either Party refer or direct any patients to the other Party. If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either Party to be in violation of such laws due to the existence of any provision of this Exhibit B.2, then the Parties agree to negotiate in good faith for a period of thirty (30) days to modify the terms of this Schedule II.II to comply with applicable law. Should the Parties fail to agree upon modified terms during such thirty (30) day period, either Party may terminate upon notice.

2.7 Survival. Upon expiration or termination of this Agreement for any reason, the terms of Section 2.4 will survive until all amounts due by Franchisee are paid in full and/or until Franchisee's obligations under such provisions are fulfilled; and Section 2.2 and 2.5 will survive for five (5) years.

EXHIBIT B.3
LICENSE AGREEMENT

1. Nonexclusive License. Subject to the terms and conditions of this Agreement, Next Health IP, LLC's ("Next Health IP") grants to PC a limited, nonexclusive, nontransferable license to use Next Health IP's Trademark "Next Health" in connection with and in furtherance of the operation of PC including the use of "Next Health" in PC's assumed name at the Franchisee Locations. In partial consideration of Next Health IP's grant of the foregoing rights, Next Health IP covenants with PC that PC will not market, advertise, or otherwise operate its business under any name or Trademark(s) other than Next Health IP's Trademark during the Term unless otherwise required by law.

2. Ownership & Goodwill. Subject to the rights granted in this Agreement, all title to and the rights in the Trademark and the associated goodwill are the exclusive property of Next Health IP and/or its licensor. PC agrees that its use of any of the Next Health Trademarks pursuant to the expressly rights granted under this Agreement will not create any right, title, or interest in or to Next Health IP's Trademarks other than as set forth in this Agreement, and that all goodwill associated with Next Health IP's Trademarks, including any goodwill generated through PC's use of the Trademark will belong and inure solely to the benefit of Next Health IP. PC covenants and agrees that it will not:

2.1 take any action or assist any third (3rd) party in any action to contest or impair Next Health IP's ownership rights or dilute, tarnish, or infringe the Trademarks;

2.2 at any time dispute or contest the right, title, or validity of the Trademarks; or

2.3 attempt to register or use any intellectual property, including any trademarks, service marks, or copyrights similar to the Trademarks.

3. Reservation of Rights Not Granted. PC acknowledges that it has no rights in Next Health IP's Trademarks except those expressly granted under this Agreement. Any and all rights not granted by Next Health IP under this Agreement are reserved by Next Health IP. For the avoidance of doubt and except as expressly permitted in this Agreement, PC will not sublicense, copy, reproduce, alter, create derivative works from, or otherwise modify Next Health IP's Trademark, or lease, loan, sublicense, distribute, or otherwise provide others access to Next Health IP's Trademarks.

4. Acknowledgment & Marking.

4.1 In using Next Health IP's Trademark, PC will acknowledge Next Health IP's ownership of the Trademarks, including properly marking any products or services.

4.2 The Parties will comply with all reasonable conditions set forth in writing from time to time by Next Health IP with respect to style, appearance, and manner of use of the Trademarks.

4.2.1 Prior to a new use of Next Health IP's Trademarks, PC will submit to Next Health IP for approval representative samples of all proposed materials bearing the Trademarks. Upon receipt of a proposed use of Next Health IP's Trademark, Next Health IP will have ten (10) business days to review the proposed use and to determine its acceptability based upon Next Health IP's reasonable discretion. If PC does not object to the proposed use in writing within the ten (10) day period, then PC will be permitted to proceed with the proposed use. If Next Health IP does object to the proposed use in writing (which may include email) within the ten (10) day period, then PC will not be entitled or permitted to proceed with the

proposed use until the issues regarding Next Health IP's objections have been satisfied. Next Health IP agrees that it will not unreasonably object to proposed uses, and that it will work in good faith with PC to permit such uses. PC agrees that, notwithstanding the failure of Next Health IP to timely object to a proposed use, PC will cooperate in good faith with Next Health IP to correct and/or remedy inappropriate uses of the Trademarks.

4.2.2 In connection with PC's use of Next Health IP's Trademark, PC agrees to make proper use of the "®" symbol or other proper notice to indicate a federally registered mark, and the "™" symbol to indicate an unregistered mark. Upon receiving notice from Next Health IP that the use of a registration notice or "™" symbol is incorrect or otherwise unacceptable, PC will promptly modify such uses to obviate Next Health IP's objections.

5. Assumed Trade Name & Trademarks. Upon termination of this Agreement for any reason, PC will cease using "Next Health" in the assumed trade name of PC and will not use "Next Health" or any variation in any manner in connection with its name, any assumed name, or otherwise use any of Next Health IP's Trademark in any way, form, or medium, as provided below. Within thirty (30) days of termination of this Agreement for any reason, PC will terminate all assumed name certificates filed with the <<State Agency>> and any applicable counties and de-identify the Premises of all uses of and references to Next Health IP's Trademarks.

APPENDIX II
BUSINESS ASSOCIATE AGREEMENT

<<Franchisee Entity>>, a <<State>> <<Entity Type>> (“Business Associate”) and <<PC Entity>> a <<State>> <<Entity Type>> (“Covered Entity”) enter into this Business Associate Agreement (“BAA”) to be effective as of _____ (“Effective Date”) (Business Associate and Covered Entity, each a “Party,” collectively, the “Parties”). Capitalized terms used, but not otherwise defined in this BAA, have the same meaning as those terms in the Privacy, Security, Breach Notification, and Enforcement Rules at 45 C.F.R. Part 160 and Part 164 (“HIPAA Rules”).

RECITALS

WHEREAS, Business Associate and Covered Entity are engaged in a business relationship where Covered Entity purchases, and Business Associate sells or provides, certain services to Covered Entity pursuant to a certain Management Services Agreement dated as of the Effective Date (“Services Agreement”).

WHEREAS, as part of the Services Agreement, Business Associate performs or assists in performing a function or activity on behalf of Covered Entity that involves the use and/or disclosure of Protected Health Information.

WHEREAS, as required by the HIPAA Rules, the Parties desire to enter into this BAA regarding the use and/or disclosure of Protected Health Information which will be in accordance with the HIPAA Rules.

NOW THEREFORE, based upon the above recitals and the mutual covenants in this BAA, the Parties agree as follows:

ARTICLE I
USE, DISCLOSURE & OBLIGATIONS

1.1 Permitted Uses & Disclosures. Except as otherwise provided in this BAA:

1.1.1 Business Associate may use or disclose Protected Health Information only as necessary to perform the services required by the Services Agreement or as required by law;

1.1.2 Business Associate agrees to make uses and disclosures and requests for Protected Health Information in accordance with the “minimum necessary” principle described in the HIPAA Rules (i.e. only Protected Health Information that is the minimum necessary to accomplish the intended purpose of the use, disclosure, or request may be used or disclosed);

1.1.3 Business Associate may use and disclose Protected Health Information to de-identify the information in accordance with 45 C.F.R. § 164.514(a) – (c), but only if (1) the precise use is disclosed to Covered Entity and permitted by Covered Entity in its sole discretion, and (2) the de-identification is in compliance with 45 C.F.R. § 164.502(d), and any such de-identified health information meets the standards and implementation specifications for de-identification under 45 C.F.R. § 164.514, or such regulations as they may be amended from time to time;

1.1.4 Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate provided that such use is permitted under Federal and State confidentiality laws;

1.1.5 Business Associate may disclose Protected Health Information for the proper

management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom Protected Health Information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of Protected Health Information has been breached;

1.1.6 Except as permitted by subsections 1.1.3 and 1.1.5 above, Business Associate may not use or disclose Protected Health Information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity; and

1.1.7 Business Associate may not sell Protected Health Information nor use Protected Health Information for marketing purposes in such a manner as to violate <<State>> Law.

1.2 Responsibilities of Business Associate. With regard to the use or disclosure of Protected Health Information, Business Associate agrees to:

1.2.1 Not use or disclose Protected Health Information other than as permitted or required by the Services Agreement or as required by law;

1.2.2 Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic Protected Health Information, to prevent the use or disclosure of Protected Health Information other than as provided for by the Services Agreement;

1.2.3 Report to Covered Entity any use or disclosure of Protected Health Information not permitted by the Services Agreement of which it becomes aware, including Breaches of Unsecured Protected Health Information as required by 45 C.F.R. § 164.410, and any Security Incident of which it becomes aware within five (5) business days;

1.2.4 In accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that all Subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree in writing to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information;

1.2.5 Make available to Covered Entity Protected Health Information in a Designated Record Set within five (5) days of Covered Entity's request or forward to Covered Entity the request received directly from an individual within two (2) days in order to meet the requirements under 45 C.F.R. § 164.524;

1.2.6 Make any amendment(s) (at the request of, and in the time and manner designated by, Covered Entity) to Protected Health Information in a Designated Record Set that Covered Entity directs pursuant to 45 C.F.R. § 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.526;

1.2.7 Maintain and make available the information required to provide an accounting of disclosures to Covered Entity as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.528;

1.2.8 To the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164, comply, with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s);

1.2.9 Make internal Franchisees, books, and records available to the Secretary of the Department of Health and Human Services or his/her designee ("**Secretary**"), for purposes of determining

compliance with the HIPAA Rules. Business Associate will promptly notify Covered Entity of communications with the Secretary regarding Protected Health Information provided by or created by Covered Entity and will provide Covered Entity with copies of any information Business Associate has made available under this provision. Notwithstanding the foregoing, no attorney-client, accountant-client, or other legal privilege will be deemed waived by Business Associate or Covered Entity by virtue of this Agreement;

1.2.10 Provide the necessary training to its members of its workforce required by the HIPAA rules, <<State>> law, other applicable Federal and State laws, and this Agreement relating to the use, disclosure and protection of Protected Health Information;

1.2.11 Review and understand the HIPAA rules, other applicable Federal and State laws, and this BAA as they apply to Business Associate in order to comply with applicable requirements and any amendments affecting the obligations of Business Associate; and

1.2.12 Comply with the requirements and obligations of which Business Associate receives notification pursuant to Section 3.

1.3 Responsibilities of Covered Entity. Covered Entity will:

1.3.1 Notify Business Associate of any limitation(s) in its notice of privacy Franchisees that Covered Entity produces in accordance with 45 C.F.R. § 164.520 to the extent that such limitation may affect Business Associate's permitted or required uses or disclosures of Protected Health Information, as well as any changes to such notice;

1.3.2 Notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose their Protected Health Information, if such changes affect Business Associate's permitted or required uses or disclosures;

1.3.3 Notify Business Associate of any restriction on the use or disclosure of Protected Health Information that Covered Entity has agreed to or is required to abide by in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's permitted or required uses or disclosures of Protected Health Information;

1.3.4 Notify Business Associate, in writing, of any amendment(s) to the Protected Health Information in the possession of Business Associate and inform the Business Associate of the time, form and manner in which such amendment(s) will be made; and

1.3.5 Inform Business Associate of any opt-outs exercised by any individual from marketing and/or fundraising activities of the Covered Entity when the Services Agreement pertains to marketing or fundraising.

ARTICLE II
TERM AND TERMINATION

2.1 Term. The term of this BAA will be effective as of the Effective Date and will terminate upon termination of the Services Agreement or earlier if terminated in accordance with Section 2.2 below.

2.2 Termination for Cause. Covered Entity may immediately terminate this BAA if Covered Entity determines that Business Associate has breached a material term of this BAA and Business Associate has not cured the breach or ended the violation within fifteen (15) days of receipt of notice describing the breach or violation.

2.3 Effect of Termination.

2.3.1 Except as permitted by subsection 2.3.2 below, upon termination of this BAA for any reason, Business Associate will, as specified by Covered Entity, return or destroy all Protected Health Information received from Covered Entity, or created, maintained or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form. Business Associate will retain no copies of the Protected Health Information; however, in the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate will provide in writing to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual written agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate will extend the protections of this BAA to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

2.3.2 In the event Business Associate uses or discloses Protected Health Information for its own management and administration or to carry out its legal responsibilities as permitted by Section 1.1.4 and 1.1.5 above and Business Associate needs to retain Protected Health Information for such purposes after termination of this BAA, Business Associate will:

2.3.2.1 Retain only that Protected Health Information which is necessary to continue Business Associate's proper management and administration or to carry out its legal responsibilities;

2.3.2.2 As specified by Covered Entity, return or destroy the remaining Protected Health Information that Business Associate still maintains in any form;

2.3.2.3 Continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Section 2.3, for as long as Business Associate retains the Protected Health Information;

2.3.2.4 Not use or disclose the Protected Health Information retained other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out in Section 1.1.4 and 1.1.5 which applied prior to termination; and

2.3.2.5 As specified by Covered Entity, return or destroy the Protected Health Information retained when it is no longer needed for Business Associate's proper management and administration or to carry out its legal responsibilities.

2.3.3 The obligations under this Section 2.3 will survive termination of this BAA.

ARTICLE III **ADDITIONAL PROVISIONS**

3.1 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as is necessary for compliance with the requirements of the HIPAA rules, and other applicable Federal and State laws. Amendments of this BAA will not be binding unless such amendment is in writing and signed by an authorized representative of each Party.

3.2 Governing Law. This BAA will be governed by <<State>> law (without reference to its rules as to conflicts of law).

3.3 Waiver of Trial by Jury. THE PARTIES WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE ARISING OUT OF OR RELATING TO THIS BAA.

3.4 Waiver. A waiver by a Party of any provision of this BAA in any instance will not be deemed a waiver of such provision, or any other provision of this BAA as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this BAA will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of a Party.

3.5 Entire Agreement. This BAA and the Services Agreement constitute the complete and exclusive statement of the agreement of the Parties with respect to the subject matter of this BAA and supersedes all prior proposals, understandings, and agreements, whether oral or written, between the Parties with respect to the subject matter of this BAA. To the extent that the Services Agreement conflicts with this BAA, this BAA will control.

3.6 Severability. The provisions of this BAA are severable. The invalidity, in whole or in part, of any provision of this BAA will not affect the enforceability of any other provisions. If one or more provisions of this BAA are declared unenforceable, the remaining provisions will be enforceable and will be construed in the broadest possible manner to effectuate the purposes of this BAA.

3.7 Rules of Construction.

3.7.1 Interpretation. Neither Party will be deemed the drafter of this Agreement despite the possibility that one (1) Party or its representatives may have prepared the initial draft or played a greater role in the preparation of subsequent drafts. In construing this Agreement, no provision will be construed in favor of one (1) Party on the ground that such provision was drafted by the other Party. If any claim is made by a Party relating to any conflict, omission, or ambiguity in the provisions of this Agreement, no presumption, burden of proof, or persuasion will be implied because this Agreement was prepared by or at the request of either Party or its counsel.

3.7.2 Captions. The headings and captions of this Agreement are inserted for reference convenience and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph, or provision of this Agreement.

3.7.3 Include Not Limiting. Unless otherwise provided, the words “include(s),” “included,” or “including” do not limit the preceding words or terms.

3.7.4 Pronouns. Pronouns in this Agreement refer to the masculine, feminine, neuter, singular or plural as the context will require.

3.8 Counterparts. This BAA may be executed in any number of counterparts. This BAA may be executed by facsimile signature or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (e.g., www.docusign.com).

3.9 Notices. All notices, requests, or consents required or permitted under this BAA will be in writing (including electronic form) and will be delivered to the address set forth by each Party in the Services Agreement, or to such other party and/or address as any of such Parties may designate in a written notice served upon the other Parties in the manner provided for below. Each notice, request, consent, or other communication will be given and will be effective: (a) if delivered by hand, when so delivered; (b) if delivered by nationally recognized overnight courier service or sent by United States Express Mail, upon confirmation of delivery; (c) if delivered by certified or registered mail, on the third (3rd) following day after deposit with the United States Postal Service; (d) if delivered by facsimile, upon confirmation of successful transmission;

or (e) if delivered by email, upon confirmation of receipt by the other Party in writing by return email.

3.10. Interpretation. Any ambiguity in this BAA will be resolved to permit compliance with the HIPAA Rules. In the event there is a conflict between any provision or obligation under this Agreement, the HIPAA Rules, or federal or state Law, the Parties agree that the most stringent requirement regarding protection of Protected Health Information will apply.

3.11 No Third (3rd) Party Beneficiary. Nothing in this BAA is intended, nor will be deemed, to confer any benefits on any third (3rd) party.

3.12 Effect of Agreement. Except as amended by this BAA, the terms and provisions of the Services Agreement will remain in full force and effect.

The Parties have evidenced their consent to this BAA by their signatures on the Services Agreement.

EXHIBIT A
SPECIAL POWER OF ATTORNEY

STATE OF <<STATE>>

§
§
§

COUNTY OF _____

1. Effective Date. This special power of attorney is executed to be effective as of _____ (“**Effective Date**”). Capitalized terms used but not defined in this special power of attorney are defined in the Agreement.

2. Power of Attorney. PC grants to Franchisee, both as defined in the Management Services Agreement (“**Agreement**”), dated _____, an exclusive special power of attorney and appoints Franchisee as PC’s exclusive true and lawful agent and attorney-in-fact with respect to the powers set forth below, and Franchisee accepts the special power of attorney and appointment, for the following purposes:

2.1 to open a bank account in PC’s name and on its behalf at the Franchisee Locations;

2.2 to bill PC patients in PC’s name and on its behalf for services provided at the Franchisee Locations;

2.3 to collect accounts receivable resulting from such billing in PC’s name and on its behalf;

2.4 to receive payments from Medicare, Medicaid, Payor Plans, hospitals, and all other third (3rd) party payors for services provided at the Franchisee Locations;

2.5 to receive the cash proceeds of any accounts receivable for services provided at the Franchisee Locations;

2.6 to take possession of and endorse in the name of PC (and/or in the name of individual physicians) any such payment intended for purpose of payment of a physician’s bill, any cash, notes, checks, money orders, and other instruments received in payment for services rendered;

2.7 to sign checks, drafts, bank notes, or other instruments on behalf of PC, including affixing stamps of signatures of PC’s authorized signatories on any of the foregoing, and to make withdrawals from the Revenue Account for payments specified in the Agreement and as requested from time to time by PC;

2.8 to obtain and take possession of any mail piece addressed to PC under the control of the United States Postal Service or a private organization; to sign on PC’s behalf for any accountable piece of mail, including, but not limited to, certified, registered, express, insured, or return receipt marked “Restricted Delivery,” including items delivered by private organizations; and to exercise dominion over any mail piece of PC in any other lawful manner whatsoever or any other item addressed to PC and placed, for delivery, with the term “mail” or “mail piece,” being defined in the glossary in Sec. 001, “Quick Service Guide,” of the Domestic Mail Manual, as amended (see also “piece” and “mail piece”); and

2.9 to initiate legal proceedings in the name of PC to collect any accounts and monies owed to PC for services provided at the Franchisee Locations, to enforce the rights of PC as creditor under any contract or in connection with the rendering of any service, and to contest adjustments and denials by governmental agencies (or its fiscal intermediaries) as third (3rd) party payors. Franchisee will monitor PC claim submissions for improper upcoding and unbundling and no person will be compensated so as to provide a financial incentive to improperly upcode claims.

3. Additional Documents. Upon request of Franchisee, PC will execute and deliver to the financial institution where PC's account is maintained, additional documents or instruments as may be reasonably necessary to accomplish the intent and objectives of this special power of attorney.

4. Duration. The rights, powers, and authority of Franchisee as attorney-in-fact to exercise any and all of the rights and powers granted in this special power of attorney will begin and be in full force and effect as of the Effective Date and will continue for twelve (12) months after the termination of the Agreement.

The undersigned has executed this special power of attorney to be effective as of the Effective Date.

<<PC Entity>>

By: <<PC Director>>
Director

STATE OF <<STATE>>

§
§
§

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 20____, by <<PC Director>>, of <<PC Entity>>, a <<State>> professional corporation.

Notary Public, State of <<State>>

Printed Name of Notary

My Commission Expires: _____

APPENDIX III
~~NEXT HEALTH FRANCHISING~~ NEXT HEALTH FRANCHISING, LLC
GENERAL CONSENT & RELEASE
GRANT OF FRANCHISOR CONSENT AND RELEASE

~~NEXT HEALTH FRANCHISING LLC (“us”)~~ and the undersigned franchisee (“you”), currently are parties to a certain franchise agreement (the “**Franchise Agreement**”) dated _____, 20____ (the “**Agreement**”). You have asked us to take the following action or to agree to the following request:—

~~—We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.~~

~~Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Released Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, (1) arising out of or related to the Released Parties’ obligations under the Agreement, (2) your development, ownership, or operation of any NextHealth Center, and (3) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Released Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.~~

~~IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:~~

~~**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR~~

~~IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:~~

This General Consent & Release Agreement (“the Agreement”) is made and entered into on (the “Effective Date”) by and between Next Health Franchising, (“Franchisor”) and <<Franchisee>> (collectively, “Franchisee”) and <<Guarantor>> (“Guarantor”). The Franchisee and the Franchisor will sometimes be referred to as a “Party” and will be collectively referred to herein as the “Parties.”

~~“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”~~

RECITALS

~~YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.~~

WHEREAS, the Franchisee and Franchisor entered into a Franchise Agreement dated <<Original Agreement Date>> (the “Franchise Agreement”), under which Franchisee operated <<Franchise Location>> at <<Location Address>>.

~~If the franchise you operate under the Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:~~

WHEREAS, the Franchise Agreement is being terminated as of <<Termination Date>>, or a mutual settlement has been reached, and the parties desire to release each other from any and all claims or obligations related to the Franchise Agreement.

~~Any general release provided hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

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

~~If the franchise you operate under the Agreement is located in Washington or if any of the~~

~~Releasing Parties is a resident of Washington, the following shall apply:~~

AGREEMENT

~~Any general release provided hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.~~

1. Release of Franchisor by Franchisee. Franchisee, on behalf of itself and its successors, assigns, heirs, agents, and employees, hereby fully releases and forever discharges Franchisor, along with its affiliates, directors, officers, agents, employees, and representatives, from any and all claims, liabilities, demands, causes of action, damages, or obligations of any kind, whether known or unknown, which Franchisee has, had, or may have arising out of or related to the Franchise Agreement.

2. Release of Franchisee by Franchisor. Franchisor, on behalf of itself and its successors, assigns, heirs, agents, and employees, hereby fully releases and forever discharges Franchisee, along with its affiliates, directors, officers, agents, employees, and representatives, from any and all claims, liabilities, demands, causes of action, damages, or obligations of any kind, whether known or unknown, which Franchisor has, had, or may have arising out of or related to the Franchise Agreement.

~~We also are entitled to release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant us the release and covenant not to sue provided above.~~

~~*{SIGNATURE PAGE FOLLOWS}*~~

3. No Admission of Liability. This Release does not constitute an admission of liability or wrongdoing by either party, and each party denies any such liability or wrongdoing.

4. Waiver of Rights Under Law. The parties expressly waive any rights under any applicable state or federal statute which may provide that a general release does not extend to claims that a party does not know or suspect to exist in its favor at the time of executing the release, which, if known, would have materially affected that party's decision to enter into this Release.

5. No Coercion. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, not coerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.

6. Non-Disparagement & Non-Disclosure. Each Party expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate each other or otherwise communicate with any person or entity in a manner intending to damage each other, their business or their reputation. Franchisee and Guarantors shall not disclose to any third (3rd) party the terms of this Agreement or their franchise relationship with Franchisor, but Franchisee and Guarantors may specifically state, "I was a Next Health franchisee, but I am no longer with the franchise system and cannot discuss my former Next Health franchisee."

7. Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending Party.

8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9. Amendments. This Agreement may not be changed or modified except in a writing signed by all of the Parties hereto

10. Fees & Costs. In any action to enforce, interpret or seek damages for violation of this Agreement, the prevailing Party shall recover all attorney’s fees and litigation expenses.

11. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

12. Authorization. Each Party warrants that each individual executing this Agreement on behalf of his/her/its respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he/she/it is acting within the scope of his or her employment and authority in executing this Agreement.

13. Counterparts & Telecopies. This Agreement may be executed in counterparts or by copies transmitted by telecopier or email, all of which shall be given the same force and effect as the original. This Agreement shall be effective when the signatures of all Parties have been affixed to counterparts or copies.

14. Entire Agreement. This Release represents the entire agreement between the parties regarding the matters herein and supersedes all prior agreements, whether written or oral. No other promises, representations, or warranties have been made to induce either party to sign this Release.

15. Governing Law. This Release shall be governed by, and construed in accordance with, the laws of the State of California without regard to its conflicts of law principles.

16. Jurisdiction. The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise Agreement.

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties hereto have executed ~~and delivered~~ this General Release Agreement ~~on~~ as of the date ~~stated below~~ first (1st) written above.

~~NEXT HEALTH FRANCHISING LLC~~

FRANCHISEE:

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

~~(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY; AND/OR ALL FRANCHISEE OWNERS):~~

Signature

Print Name

Signature

Print Name

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Franchisee>>
<<Position>> of
<<Entity>>

APPENDIX IV
NEXT HEALTH FRANCHISING, LLC
LEASE RIDER

THIS NEXT HEALTH LEASE RIDER (this “**Rider**”) is effective as of _____ (the “**Effective Date**”), and is being signed simultaneously with the Lease dated _____ (the “**Lease**”) between _____ (the “**Franchisee**” or “**Tenant**”) and _____ (the “**Landlord**”) for the real property commonly known as _____ (the “**Premises**”).

1. Incorporation & Precedence. This Rider is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Rider have the meanings as defined in the Lease.

2. Background. The Tenant will operate a Next Health® Center at the Premises under a Franchise Agreement dated _____ (the “**Franchise Agreement**”) with Next Health Franchising LLC (the “**Franchisor**”). By entering into a franchise relationship with the Franchisor, the Tenant has agreed to grant the Franchisor a security interest in the Lease and all of the furniture, fixtures, inventory and supplies located in the Premises as collateral for the payment of any obligation, liability or other amount owed by the Tenant or its affiliates to the Franchisor under the Franchise Agreement. Under the Franchise Agreement, Tenant is required to secure Franchisor’s consent to the Lease prior to executing the Lease. As a condition to the grant of its consent, Franchisor requires that the Lease contain certain provisions that the Tenant is requesting the Landlord to include.

3. Collateral Assignment. Tenant hereby collaterally assigns the Lease to Franchisor, and Landlord consents to the collateral assignment of the Lease by Tenant to Franchisor, as security for Tenant’s obligations under the Franchise Agreement. Landlord agrees that, pursuant to the collateral assignment or as a result of Franchisor’s exercise of its rights and remedies under the Franchise Agreement, Franchisor or its affiliate may, upon a default by Tenant under the Lease or the Franchise Agreement and/or a termination of the Franchise Agreement, (i) succeed to Tenant’s interest in the Lease, or (ii) assign its rights to succeed to its affiliate or another Next Health franchisee and have the affiliate or NextHealth franchisee succeed to Tenant’s interest in the Lease.

3.1 If Tenant’s interest in the Lease is assigned to Franchisor or Franchisor’s affiliate, Landlord’s consent to the assignment will not be required, but Franchisor will provide Landlord with prior written notice of the assignment and assumption. In the event Franchisor succeeds to Tenant’s interest in the Lease and subsequently assigns the Lease to Franchisor’s affiliate or another Next Health franchisee, Landlord’s consent to the assignment will not be required provided the franchisee meets the criteria in Section 3.2 below, but Franchisor will provide Landlord with prior written notice of the assignment and assumption. In such event, Franchisor shall be released from all Lease obligations accruing after the date of assignment.

3.2 If Tenant’s interest in the Lease is proposed to be assigned to

another NextHealth franchisee, Landlord’s prior written consent to the assignment will not be required, but Franchisor will provide Landlord with prior written notice of the assignment and assumption, if all of the following criteria are met: (i) Franchisor has an established franchising program for Next Health Centers; (ii) the proposed franchisee has met all of Franchisor’s applicable program criteria and requirements and has executed Franchisor’s standard franchise agreement; (iii) such assignee assumes all of the terms and conditions of the Lease; and (iv) such franchisee has submitted to Landlord its financial statements and has an equal or greater net worth than One million, six hundred thousand and 00/100 Dollars (\$1,600,000.00) with at least Six hundred thousand and 00/100 Dollars (\$600,000.00) in liquid assets. Unless otherwise agreed by Landlord, Tenant and any Guarantor shall remain liable and shall not be afforded any release in the event the Lease is assigned to Franchisor, its affiliate or another Next Health franchisee pursuant to the collateral assignment.

4. Proprietary Marks & Signage. Subject to applicable zoning laws, Landlord consents to Tenant’s installation and use of such trademarks, service marks, signs, decor items, color schemes and related components which from time to time comprise the Next Health franchise system. The Landlord grants to the Tenant during the term of the Lease a non-exclusive right and easement over that portion of the property as may be required by the Tenant to improve, renovate, repair, replace and maintain the Premises or to install, replace, or remove its signage or its panel on the pylon and/or monument sign for the property.

5. Franchisor’s Right to Receive Information. Landlord shall provide Franchisor with such sales and other information obtained or received by Landlord, relating to the operation of the Franchised Business, as Franchisor may request in writing.

6. Access to Premises. During the term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises to inspect the Premises and Tenant’s business operations in accordance with the Franchise Agreement.

7. Copies of Reports. The Landlord agrees to provide copies of all Tenant’s revenue and other information and data in Landlord’s possession, if any, related to the operation of the Tenant’s Next Health Center on a timely basis as the Franchisor may reasonably request, during the term of the Lease.

8. Notice of Default. The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any defaults (a “Default”) by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time to time:

NEXT HEALTH FRANCHISING LLC
8560 West Sunset Boulevard, Suite 650
West Hollywood, CA 90069
Attention: Legal Department

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within fifteen (15) days (or such longer period as may be reasonably required to

cure such Default provided the Franchisor commences such cure within such fifteen (15) day period and diligently pursues such cure to completion) after the expiration of the period in which the Tenant may cure the Default under the Lease.

9. Franchisor's Right to Cure. If Tenant defaults under the Lease, Franchisor shall have the right, but not the duty, to cure such default for an additional fifteen (15) days after the expiration period during which Tenant may cure such default, if any period exists under the Lease.

10. Franchisor's Right to Use of Assets. Upon commencement of occupancy, Franchisor and its Assignee may have the right use all assets left within / on the premises until proper legal ownership of said assets has been determined. At which time, Franchisor shall choose to exercise its rights, as stated in Section 10 of this Agreement.

11. Franchisor's Right to Remove Proprietary Marks from Premises. Upon the expiration or termination of the term of the Lease, or upon termination or expiration of the Franchise Agreement if Franchisor does not elect to take possession of the Premises pursuant to Section 7, Franchisor shall have the right to enter upon the Premises and remove all proprietary marks, signs, décor items, color schemes, graphic packages, trade dress and other related components of Franchisor's system therefrom, provided that Franchisor repairs any damage occasioned by such removal.

12. Franchisor's Right to Purchase Assets. In the event (i) Franchisor cures a default of Tenant pursuant to Paragraph 6, or (ii) Tenant defaults beyond any applicable cure period under the Franchise Agreement, or (iii) the Franchise Agreement is terminated or expires, Franchisor, upon prior written notice to Landlord but without the necessity of obtaining Landlord's consent, may execute its right of first (1st) refusal to purchase any and all assets left on the premises by Tenant from the legal owner of said assets, for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third (3rd) party, three (3) independent appraisers shall be designated in the following manner: Legal Owner shall select one (1), Franchisor shall select one (1), and the two (2) appraisers so chosen shall select a third (3rd) appraiser. The decision of the majority of the appraisers so chosen shall be conclusive and binding. The parties shall share the cost of the third (3rd) appraiser equally.

13. Assignment & Assumption of Lease. The Tenant shall have the right, at any time during the term of the Lease and any extensions or renewals thereof, to assign all of its right, title and interest in the Lease to the Franchisor, to an affiliate of Franchisor, or to another Next Health franchisee, subject to the terms and condition described in paragraph 3 above regarding Landlord's notice or consent. The assignment will be effective upon the assignee's providing Landlord written notice of its acceptance of the assignment (the "Assignment Notice"). The Landlord will recognize the assignee as the lessee of the Premises effective as of the date of the Assignment Notice. No assignment shall be, and nothing contained herein or in any other document shall make the Franchisor a party to the Lease, or a guarantor thereof, and shall not create any liability or obligation of the Franchisor unless and until the Lease is assigned to, and accepted in writing by, the Franchisor. Upon any assignment to Franchisor, the term "assignment" under the Lease shall specifically exclude any change of control, sale of substantially all assets or equity, or merger of the Franchisor.

14. Amendment. The Landlord and the Tenant will not cancel, terminate (including Tenant's voluntary surrender), modify or amend the Lease including, without limitation, the Franchisor's rights under this Rider, without the Franchisor's prior written consent, which will not be unreasonably withheld, conditioned, or delayed, and any such attempted cancellation, termination, modification, acceptance of surrender or amendment without the Franchisor's consent shall be null and void and have no effect as to the Franchisor's interest thereunder. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

15. Financing of Trade Fixtures by Franchisor & Security Interest. Any security interest or Landlord's lien in Tenant's trade fixtures, 'trade dress', equipment and other personal property in the Premises is hereby subordinated to any security interest and pledge granted to Franchisor in such items. The parties acknowledge that there may be certain personal property in the Premises which are not owned by Tenant, which property shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

16. Relationship of Tenant & Franchisor. The Landlord acknowledges that the Tenant is not an agent or employee of the Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind the Franchisor or any affiliate of the Franchisor, and that the Landlord has entered into this Rider with the full understanding that it creates no duties, obligations or liabilities of or against the Franchisor or any of its affiliates.

17. Estoppel Certificate. The Landlord shall from time to time, within twenty (20) days after written request by the Franchisor, execute, acknowledge and deliver to the Franchisor a written certification, in a form reasonably satisfactory to the Franchisor: (i) that the Lease is unmodified and in full force and effect (or, if there has been any modification, stating the nature of such modification); (ii) as to the dates to which the rent and other charges arising under the Lease have been paid; (iii) as to the amount of any prepaid rent or any credit due to the Tenant under the Lease, (iv) the date on which the term of the Lease commenced; (v) as to whether, to the best of its knowledge, information and belief of the Landlord, the Landlord or the Tenant is then in default in performing any of its obligations under the Lease (and, if so, specifying the nature of each such default); and (vi) as to any other fact or condition reasonably requested by the Franchisor.

18. Tenant Use. Tenant shall use the Premises only for the purpose of operating a Next Health Center, which offers medical services, without limitation, NAD Therapy, IV Therapy, Cryotherapy, Infrared Therapy, Hyperbaric Oxygen Therapy, Hormone Optimization, Ozone Therapy, and Aesthetics and for no other purpose.

19. Benefits & Successors. The benefits of this Rider inure to the Franchisor and to its successor and assigns.

20. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Rider remain in full force and effect.

21. Counterparts. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

Intending to be bound, the Landlord and the Tenant sign and deliver this Rider effective on the Effective Date, regardless of the actual date of signature.

LANDLORD

TENANT

Address: _____

Address: _____

Phone: _____

Phone: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

FRANCHISOR

NEXT HEALTH FRANCHISING, LLC
8560 West Sunset Boulevard
Suite 650
West Hollywood, CA 90069
(310) 295-2075 office

By: Scott Svlich
Chief Operating Officer

STATE RIDERS & ADDENDA

~~EXHIBIT~~ Exhibit H
STATE RIDERS AND ADDENDA

Live Basil

03/2015 Next Health 2025 FDD | ~~Ex. J:~~ Exhibit H – State ~~Addenda~~ Riders & Addenda

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Next Health Franchising, LLC

~~**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
NEXT HEALTH FRANCHISING LLC**~~

**ADDITIONAL DISCLOSURES FOR THE
NEXT HEALTH FRANCHISE DISCLOSURE DOCUMENT**

The following are additional disclosures for the Franchise Disclosure Document of Next Health Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

~~**CALIFORNIA**~~**CALIFORNIA**

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR AREA DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.next-health.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division

5. In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should

consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

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

“Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange. ”

7. The following sentence is added to the end of Item 6:

“The highest rate of interest allowed by California law is 10% annually.”

8. The following paragraphs are added at the end of Item 17:

“California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and area developers concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Area Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. These provisions might not be enforceable under California law.”

The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires application of the laws of the State of Delaware. This provision might not be enforceable under California law.

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

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices we set for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the

California’s Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

9. The following paragraph is added to the end of Item 19:

“The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”

HAWAII

HAWAII

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST (1st) PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST (1st), A COPY OF THE ~~OFFERING~~ CIRCULARDISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

ILLINOIS

ILLINOIS

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

1. The following is added to the end of Item 5 and Item 7:

~~Pursuant to an order of the Illinois Attorney General's Office, imposed based on our financial condition, we will defer collection of the Initial Franchise Fee and all other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you begin operating your Center. If you sign an Area Development Agreement, no Development Fee will be due to us until we have completed all of our pre-opening obligations to you under the Area Development Agreement.~~

"Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition."

2. The following paragraphs are added to the end of Item 17:

"Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement."

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 outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to Sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

MARYLAND

~~1.~~ The following is added to the end of Item 5 and Item 7:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first (1st) franchise under the Area Development Agreement opens.”

1. ~~2.~~ The following is added to the end of the “Summary” sections of Item ~~17(e)~~17.3, entitled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer:”

“However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.”

2. ~~3.~~ The following is added to the end of the “Summary” section of Item 17(h), entitled “Cause~~2~~” defined – non-curable defaults:”

“The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.”

3. ~~4.~~ The following sentence is added to the end of the “Summary” section of Item 17(v), entitled “Choice of forum”, and 17(w), entitled “Choice of Law:”

“You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. ~~5.~~ The following language is added to the end of the chart in Item 17:

“You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.”

MINNESOTA

MINNESOTA

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

1. The following is added to the end of Item 1:

“If you are a resident of the State of Minnesota or your Center will operate in the State of Minnesota then you must enter into a Management Agreement with the Medical Service Manager, or such other professional corporation designated or approved by us that is authorized to provide and supervise Medical Services in the State of Minnesota.”

2. The following is added to the end of Item 5 and Item 7:

“Based upon our financial condition, the Minnesota Securities Registration Division has required that we provide a financial assurance. Therefore, payment of all initial fees and other payments owed by you to us or our affiliates (except the reasonable wholesale price of any items we or our affiliates sell to you) will be deferred until your Center opens and we have completed our pre-opening obligations under the Franchise Agreement or the Area Development Agreement.”

3. The following is added to the “Remarks” column of the Item 6-line item entitled “Insufficient Funds Service Fee:”

“NSF checks and related interest and attorneys’ fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessment.”

4. The Item 6-line item entitled “Lost Revenue Damages” will not be enforced to the extent prohibited by applicable law.

5. The following is added at the end of the chart in Item 17:

“With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Area Development Agreement and Franchise Agreement and 180 days’ notice for non-renewal of the Area Development Agreement or Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of the Area Development Agent’s

or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Area Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minnesota Rule 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.”

NEW YORK

NEW YORK

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

“INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE AREA DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.”

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

“With regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or any affiliate offering franchises under our principal trademark:

- A. *No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.*
- B. *No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.*
- C. *No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.*
- D. *No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian*

franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.”

3. The following is added to the end of Item 4:

“None of the franchisor, its affiliates, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.”

4. The following is added to the end of Item 5:

“The initial franchise fee and development fee constitute 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), entitled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer:”

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.”

6. The following language replaces the “Summary” section of Item 17(d), entitled “Termination by franchisee:”

“You may terminate the Area Development Agreement or Franchise Agreement on any grounds available by law.”

7. The following is added to the end of the “Summary” section of Item 17(j), entitled “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 Area Development Agreement or Franchise Agreement.”

8. The following is added to the end of the “Summary” sections of Item 17(v), entitled “Choice of forum,” and Item 17(w), entitled “Choice of law:”

“The foregoing choice of law and choice of forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.”

NORTH DAKOTA

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

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

NORTH DAKOTA

1. The following is added to the end of Item 5 and Item 7:

“Pursuant to an order of the North Dakota Securities Commissioner, we will defer collection of the Initial Franchise Fee and all other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you begin operating your Center. If you sign an Area Development Agreement, no Development Fee will be due to us until we have completed all of our pre-opening obligations to you under the Area Development Agreement.”

2. The Item 6 line item entitled “Lost Revenue Damages” will not be enforced to the extent prohibited by applicable law.

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

“However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.”

4. The following is added to the end of the “Summary” section of Item 17(r), entitled “Non-competition covenants after the franchise is terminated or expires:”

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.”

5. The “Summary” section of Item 17(u), entitled “Dispute resolution by arbitration or mediation” is deleted and replaced with the following:

“To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.”

6. The “Summary” section of Item 17(v), entitled “Choice of forum” is deleted and replaced with the following:

“However, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.”

7. The “Summary” section of Item 17(w), entitled “Choice of law” is deleted and replaced with the following:

“Except as otherwise required by North Dakota law, the laws of the state where we or, as applicable, our successor or assign, maintains its principal place of business (currently, ~~Los Angeles, California~~ West Hollywood, CA) will apply.”

RHODE ISLAND

RHODE ISLAND

1. The following language is added to the end of the “Summary” sections of Item 17(v), entitled “Choice of forum,” and 17(w), entitled “Choice of law:”

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in an area development agreement or franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.”

SOUTH DAKOTA

SOUTH DAKOTA

1. The following is added to the end of Item 5 and Item 7:

“The South Dakota Department of Labor & Relations’ Division of Securities requires us to defer the payment of all Initial Franchise Fee and other payments you owe to us under the Franchise Agreement until your Center is operational. If you sign an Area Development Agreement, no Development Fee will be due to us until we have completed all of our pre-opening obligations to you under the Area Development Agreement and until the first (1st) franchise under the Area Development Agreement opens.”

VIRGINIA

VIRGINIA

1. The following language is added to the end of the “Summary” section of Item 17(e), entitled “Termination by franchisor without cause:”

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Development Agreement or 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.”

2. The following risk factor is added to the list of “Special Risks to Consider About This Franchise”:

6. ***Estimated Initial Investment.*** *The franchisee will be required to make an estimated initial investment ranging from \$1,596,000 to \$2,195,000. This amount exceeds the franchisor's stockholders equity as of August 14, 2023, which is \$100,000.”*

WASHINGTON

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**~~RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS~~**

**HAWAII RIDER TO THE
FRANCHISE AGREEMENT**

~~THIS RIDER~~ THIS HAWAII RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“**we**”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Franchisee>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>”) (“**Franchisee**”).

1. ~~**BACKGROUND.**~~ Background. Franchisor and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the offer for the franchise was made or accepted in the State of ~~Illinois~~ Hawaii and the Next Next Health Center that you will operate under the Franchise Agreement will be located in ~~Illinois~~ Hawaii, or (b) you are domiciled in the State of ~~Illinois~~ Hawaii.

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

3. ~~**FINANCIAL ASSURANCE**~~ Certain Fees. The following language is added as Section 3.1 (“Initial Franchise Fee”) to the ~~end of Section 4.A of the~~ Franchise Agreement:

~~Pursuant to an order of the Illinois Attorney General’s Office, imposed based on our financial condition, we will defer collection of the Initial Franchise Fee and all other initial payments you owe us until we have completed all of our pre-opening obligations to you under this Agreement and you begin operating your Center.~~
“Notwithstanding anything to the contrary in this Agreement, Franchisor will defer the collection of initial franchise fees you owe Franchisor under this Agreement until Franchisor has fulfilled all of its pre-opening obligations to you and your Center is open for business in accordance with the terms of this Agreement.”

~~**4. WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR AND JURY TRIAL; LIMITATION OF CLAIMS.**~~ The following language is added to the end of Sections 18.D and 18.G of the Franchise Agreement:

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

ILLINOIS RIDER
TO THE FRANCHISE AGREEMENT

THIS ILLINOIS RIDER (this “Rider”) is made and entered into by and between Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069 (“Franchisor”), and <<Franchisee>>, a <<State>> <<Entity Type>> whose principal business address is <<Address>> (“Franchisee”).

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the offer for the franchise was made or accepted in the State of Illinois and the Next Health Center that Franchisee will operate under the Franchise Agreement will be located in Illinois, or (b) Franchisee is domiciled in the State of Illinois.

2. Financial Assurance. The following language is added to the end of Section 3.1 of the Franchise Agreement:

“Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.”

3. Waiver of Punitive Damages, Class Action Bar & Jury Trial; Limitation of Claims. The following language is added to the end of Sections 17.4 and 17.7 of the Franchise Agreement:

“However, ~~nothing contained in this~~ in conformance with ~~S~~section shall constitute a 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with ~~any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.~~ is void.”

4. ~~5. ILLINOIS FRANCHISE DISCLOSURE ACT~~ Illinois Franchise Disclosure Act. The following language is added as ~~Article 20~~Section 17.2 of the Franchise Agreement and supersedes any conflicting provisions in the Franchise Agreement:

“Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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 outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

~~Your~~Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.”

5. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE, UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

{Signature Page to Follow}

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

**MARYLAND RIDER
TO THE FRANCHISE AGREEMENT**

~~THIS RIDER~~ THIS MARYLAND RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (“we”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Franchisee>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>” (“**Franchisee**”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) ~~you are~~ Franchisee is domiciled in the State of Maryland, (b) the ~~Next~~ Next Health Center that ~~you~~ Franchisee will operate under the Franchise Agreement will be located in the State of Maryland, or (c) the offer for the franchise was made or accepted in the State of Maryland.

2. ~~FINANCIAL ASSURANCE~~ Financial Assurance. The following is added to the end of Section ~~4.A.3.1~~ (“**Initial Franchise Fee**”) of the Franchise Agreement:

“Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under this Agreement.”

3. ~~RELEASES~~ Releases. The following is added to the end of Section ~~13.C(8)~~ 12.3 (“**Conditions for Approval of Transfer**”), Section ~~14.A(7)~~ (“~~Your~~ 13.1 (“**Franchisee’s Right to Acquire a Successor Franchise**”), Section ~~14.B~~ (13.2 (“**Grant of a Successor Franchise**”), and Section ~~16.B(2)~~ (“~~Our~~ 15.2 (“**Franchisor’s Right to Purchase Your Franchisee’s Center**”) of the Franchise Agreement:

“However, pursuant to COMAR 02.02.08.16L(1), any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.”

4. ~~INSOLVENCY~~ Insolvency. The following sentence is added to the end of Section ~~15.B(1)(f)~~ 14.2 (“**Termination of Agreement – By Us Franchisor**”) of the Franchise Agreement:

“This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).”

5. ~~ARBITRATION~~Arbitration. The following paragraph is added at the end of Section ~~18.A~~17.1 (“Enforcement - Arbitration”) of the Franchise Agreement:

“A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

6. ~~GOVERNING LAW~~Governing Law. The following paragraph is added at the end of Section ~~18.C~~17.3 (“Governing Law”) of the Franchise Agreement:

“Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law. Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.”

7. ~~CONSENT TO JURISDICTION; LIMITATIONS OF CLAIMS~~Consent to Jurisdiction; Limitations of Claims. The following language is added to the end of Section ~~18.B~~17.2 (“Consent to Jurisdiction”) and Section ~~18.G~~(17.7) (“Limitations of Claims”) of the Franchise Agreement:

~~You~~“Franchisee must bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after ~~we~~Franchisor grant ~~you~~Franchisee the franchise.”

8. ~~MARYLAND LAW~~Maryland Law. All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signature Page to Follow]

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

~~NEXT HEALTH FRANCHISING LLC~~

~~FRANCHISE OWNER:~~

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

~~RIDER TO THE~~
MINNESOTA RIDER TO THE
~~FRANCHISE AGREEMENT~~FRANCHISE AGREEMENT
~~FOR USE IN MINNESOTA~~

~~THIS RIDER~~THIS MINNESOTA RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~, CA 90069 (“**Franchisor**”), and ~~_____~~, a _____, a _____ (“**Franchisee**”), whose principal business address is _____ (“**you**”).

1. ~~BACKGROUND~~Background. ~~We and you~~Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20_____ (the “**Franchise Agreement**”). This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Minnesota, (b) the Next ~~Next~~Health Center that youFranchisee will operate under the Franchise Agreement will be located in State Minnesota, and/or (c) the offer to sell the franchise for ~~your~~the Next ~~Next~~Health Center was made or accepted in the State of Minnesota.

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

3. ~~CORPORATE PRACTICE OF MEDICINE~~Corporate Practice of Medicine. Minnesota has adopted the corporate practice of medicine doctrine, which prohibits corporations other than professional associations and non-profit corporations from practicing medicine. This franchise may be at risk of violation of the corporate practice of medicine doctrine, which could result in the possible loss of a franchisee’s investment, due to, for among other reasons, the use of a for-profit business entity operating a medical services business; and the franchisor’s refusal to warrant that the Medical Services Manager and Medical Director will be organized and will operate in accordance with Minnesota law. Prospective franchisees should consult an attorney experienced in this area of Minnesota law prior to signing an agreement to ensure that the franchise relationship and operation do not violate Minnesota law.

I have read and understood the above disclaimer.

Initials: _____

4. ~~FINANCIAL ASSURANCE~~Financial Assurance. The following is added to the end of Section 4.A3.1 (“**Initial Franchise Fee**”) of the Franchise Agreement:

†
Next Health Franchising LLC

“Based upon ~~our~~Franchisor’s financial condition, the Minnesota Securities Registration Division has required that ~~we~~Franchisor provide a financial assurance. Therefore, payment of all initial fees and other payments owed by ~~you to us or our~~Franchisee to Franchisor or its affiliates will be deferred until ~~your~~Franchisee’s Center opens and ~~we have~~Franchisor has completed ~~our~~its pre-opening obligations under this Agreement.”

5. ~~MANAGEMENT AGREEMENT~~Management Agreement. The last sentence of subparagraph (2) titled “Medical Director” under Section ~~9.A.8.1~~ (“Certain Required Personnel”) is deleted in its entirety.

6. ~~NON-DISPARAGEMENT~~Non-Disparagement. The following sentence is added to the end of Section ~~6.E.5.5~~ (“Non-Disparagement”) of the Franchise Agreement:

“Provided ~~you have~~Franchisee has complied with all provisions of this Agreement applicable to the Marks, ~~we~~Franchisor will protect ~~your~~Franchisee’s right to use the Marks and will indemnify ~~you~~Franchisee from any loss, costs or expenses arising out of any claims, suits or demands regarding ~~your~~Franchisee’s use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).”

7. ~~NON-COMPETITION~~Non-Competition. Section ~~87~~ (“Competition and Interference During Term”) and Section ~~16.A(7)15~~ (“Rights and Obligations on Termination or Expiration – ~~Your~~Franchisee’s Obligations”) of the Franchise Agreement will not be enforced to the extent prohibited by applicable law.

8. ~~RELEASES~~Releases. The following is added to the end of Section ~~13.C(8)13.3.8~~ (“Conditions for Approval of Transfer”), Section ~~14.A(7)~~ (“~~Your~~13.1 (“Franchisee’s Right to Acquire a Successor Franchise”), Section ~~14.B(13.2~~ (“Grant of a Successor Franchise”), and Section ~~16.B(2)~~ (“~~Our~~15.2 (“Franchisor’s Right to Purchase ~~Your~~Franchisee’s Center”) of the Franchise Agreement:

“Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.”

9. ~~YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE AND TERMINATION OF AGREEMENT~~Franchisee’s Right to Acquire a Successor Franchise & Termination of Agreement. The following is added to the end of Section ~~14.A~~ (“~~Your~~13.1 (“Franchisee’s Right to Acquire a Successor Franchise”) and Section ~~15.B14.2~~ (“Termination of Agreement – By ~~Us~~Franchisor”) of the Franchise Agreement:

“However, with respect to franchises governed by Minnesota law, ~~we~~Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that ~~you~~Franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred, eighty (180) days’ notice of non-renewal of this Agreement.

10. ~~LOST REVENUE DAMAGES~~Lost Revenue Damages. The following language is added to the end of Section ~~16.C~~15.3 (“Lost Revenue Damages”) of the Franchise Agreement:

~~We and you~~“Franchisor and Franchisee acknowledges that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400(J). However, we~~Franchisor and you~~Franchisee agree to enforce the provision to the extent the law allows.

11. ~~CONSENT TO JURISDICTION~~Consent to Jurisdiction. The following language is added to the end of Section ~~18.B~~17.2 (“Consent to Jurisdiction”) of the Franchise Agreement:

“Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us~~Franchisor~~, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your~~Franchisee’s~~ rights under Minnesota statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide. “

12. ~~GOVERNING LAW~~Governing Law. The following statement is added at the end of Section ~~18.C~~17.3 (“Governing Law”) of the Franchise Agreement:

“Nothing in this Agreement will abrogate or reduce any of your~~Franchisee’s~~ rights under Minnesota Statutes Chapter 80C or your~~Franchisee’s~~ right to any procedure, forum or remedies that the laws of the jurisdiction provide. “

13. ~~WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR, AND JURY TRIAL~~Waiver of Punitive Damages, Class Action Bar & Jury Duty. If and then only to the extent required by the Minnesota Franchises Law, Section ~~18.D~~17.4 (“Waiver of Punitive Damages, Class Action Bar, and Jury Trial”) and Section ~~18.G~~18.7 (“Limitations of Claims”) of the Franchise Agreement are deleted.

14. ~~INJUNCTIVE RELIEF~~Injunctive Relief. The following is added to the end of Section ~~18.E~~17.5 (“Injunctive Relief”) of the Franchise Agreement:

“Notwithstanding the foregoing, a court will determine if a bond is required.”

15. ~~LIMITATIONS OF CLAIMS~~Limitations of Claims. Subject to Paragraph 10 of this Rider, the following is added to the end of Section ~~18.G~~17.7 (“Limitations of Claims”) of the Franchise Agreement:

“; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.”

16. ~~SERVICE CHARGES~~Service Charges. Notwithstanding anything to the contrary, NSF checks and related interest and attorneys’ fees are governed by Minnesota Statute § 604.113, which puts a cap of ~~\$30~~Thirty and 00/100 Dollars (\$30.00) on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys’ fees.

Next Health Franchising LLC

17. ~~MINNESOTA LAW~~[Minnesota Law](#). Minnesota Rule 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

[Signature _____ Page _____ to _____ Follow]

Next Health Franchising LLC

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

~~NEXT HEALTH FRANCHISING LLC~~

~~FRANCHISE OWNER:~~

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

~~{Name}~~
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

~~Next Health Franchising LLC~~

NEW YORK RIDER TO THE
~~RIDER TO THE~~ FRANCHISE AGREEMENT
~~FRANCHISE AGREEMENT FOR USE IN THE~~
~~STATE OF NEW YORK~~

~~THIS RIDER~~ THIS NEW YORK RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ CA 90069 (“**Franchisor**”), and ~~_____~~ _____, a ~~_____~~ _____ (“**Franchisee**”), whose principal business address is ~~_____~~ _____ (“**you**”).

1. **BACKGROUND.** ~~We and you~~ Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, (the “**Franchise Agreement**”). This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) ~~you are~~ Franchisee is domiciled in the State of New York and the ~~Next~~ Next Health Center that ~~you~~ Franchisee will operate under the Franchise Agreement will be located in State of New York, and/or (b) the offer to sell the franchise for ~~your~~ Franchisee’s ~~Next~~ Next Health Center was made or accepted in the State of New York.

2. **TRANSFER BY US** Transfer by Franchisor. The following language is added to the end of Section ~~13.A.12.1~~ 13.A.12.1 (“Transfer – By ~~Us~~ Franchisor”) of the Franchise Agreement:

“However, to the extent required by applicable law, no transfer will be made except to an assignee who, in ~~our~~ Franchisor’s good faith judgment, is willing and able to assume ~~our~~ Franchisor’s obligations under this Agreement.”

3. **RELEASES** Release. The following is added to the end of Section ~~13.C(8)~~ 12.3 (“Conditions for Approval of Transfer”), Section ~~14.A(7)~~ 13.1 (“~~Franchisee’s~~ Franchisee’s Right to Acquire a Successor Franchise”), Section ~~14.B(13.2)~~ 13.2 (“Grant of a Successor Franchise”), and Section ~~16.B(2)~~ 15.2 (“~~Franchisor’s~~ Franchisor’s Right to Purchase ~~Your~~ Franchisee’s Center”) of the Franchise Agreement:

“Notwithstanding the foregoing all rights enjoyed by ~~you~~ Franchisee and any causes of action arising in ~~your~~ Franchisee’s 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.”

4. **TERMINATION BY YOU** Termination by Franchisee. The following language is added to the end of Section ~~15.A.14.1~~ 14.1 (“Termination of Agreement – By ~~You~~ Franchisee”) of the Franchise Agreement:

~~You~~ Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”

+
Next Health Franchising LLC

5. ~~CONSENT TO JURISDICTION; GOVERNING LAW~~Consent to Jurisdiction; Governing Law. The following statement is added at the end of Section ~~18.B~~17.2 (“Consent to Jurisdiction”) and Section ~~18.C~~(17.3 (“Governing Law”) of the Franchise Agreement:

“This Section shall not be considered a waiver of any right conferred upon ~~you~~Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.”

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

[Signature _____ Page _____ to _____ Follow]

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

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

~~{Name}~~
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

~~RIDER TO THE~~
NORTH DAKOTA RIDER TO THE
~~FRANCHISE AGREEMENT~~FRANCHISE AGREEMENT
~~FOR USE IN NORTH DAKOTA~~

~~THIS RIDER~~THIS NORTH DAKOTA RIDER (this “Rider”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“~~we~~”), and ~~_____~~, a ~~_____~~ CA 90069 (“Franchisor”), and ~~_____~~ <<Franchisee>>, a ~~_____~~ <<State>> <<Entity Type>> whose principal business address is ~~_____~~ <<Address>> (“Franchisee”).

1. ~~BACKGROUND.~~ Background. ~~We and you~~ Franchisor and Franchisee are parties to that certain Franchise Agreement dated ~~_____~~, 20_____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) ~~you are~~ Franchisee is a resident of the State of North Dakota and the ~~Next~~ Next Health Center that ~~you~~ Franchisee will operate under the Franchise Agreement will be located or operated in the State of North Dakota; and/or (b) the offer to sell the franchise for ~~your~~ Franchisee’s ~~Next~~ Next Health Center was made or accepted in the State of North Dakota.

2. ~~FINANCIAL ASSURANCE~~ Financial Assurance. The following is added to the end of Section ~~4.A.3.1~~ (“Initial Franchise Fee”) of the Franchise Agreement:

“Pursuant to an order of the North Dakota Securities Commissioner, ~~we~~ Franchisor will defer collection of the Initial Franchise Fee and all other initial payments ~~you~~ Franchisee owes ~~us~~ Franchisor until ~~we have~~ Franchisor has completed all of our pre-opening obligations to you under this Agreement and you begin operating your Center.”

3. ~~NON-COMPETITION~~ Non-Competition. The following is added to the end of Section ~~8~~ 7 (“Competition and Interference During Term”) and Section ~~16.A(7)~~ 15 (“Rights and Obligations on Termination or Expiration – ~~Your~~ Franchisee’s Obligations”) of the Franchise Agreement:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, ~~we~~ Franchisor will enforce the covenants to the maximum extent the law allows.”

4. ~~RELEASES~~ Releases. The following is added to the end of Section ~~13.C(8)~~ 12.3 (“Conditions for Approval of Transfer”), Section ~~14.A(7)~~ (“~~Your~~ Franchisee’s Right to Acquire a Successor Franchise”), Section ~~14.B(13.2)~~ (“Grant of a Successor Franchise”), and Section ~~16.B(2)~~ (“~~Our~~ Franchisor’s Right to Purchase ~~Your~~ Franchisee’s Center”) of the Franchise Agreement:

“Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.”

†
Next Health Franchising LLC

5. ~~COVENANT NOT TO COMPETE~~Covenant Not to Compete. The following is added to the end of Section ~~8~~7 (“Competition and Interference During Term”), Section ~~16.A(7)~~15 (“Rights and Obligations on Termination or Expiration – ~~Your~~Franchisee’s Obligations”) and Section ~~16.D(15.4)~~15.4 (“Continuing Obligations on Termination or Expiration”) of the Franchise Agreement:

“Covenants not to compete, such as those mentioned above, are generally considered unenforceable in the State of North Dakota; however, ~~we~~Franchisor will enforce the covenants to the maximum extent the law allows.”

6. ~~LOST REVENUE DAMAGES~~Lost Revenue Damages. The following language is added to the end of Section ~~16.C~~15.3 (“Lost Revenue Damages”) of the Franchise Agreement:

~~We and you~~“Franchisor and Franchisee acknowledges that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, ~~we~~Franchisor and ~~you~~Franchisee agree to enforce the provision to the extent the law allows.

7. ~~DISPUTE RESOLUTION; ARBITRATION~~Dispute Resolution; Arbitration. The following is added to the end of Section ~~18.A~~17.1 (“Enforcement – Arbitration”) of the Franchise Agreement:

“; provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which ~~we~~Franchisor and ~~you~~Franchisee mutually agree.”

8. ~~CONSENT TO JURISDICTION~~Consent to Jurisdiction. The following is added to the end of Section ~~18.B~~17.2 (“Consent to Jurisdiction”) of the Franchise Agreement:

“Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to ~~your~~Franchisee’s arbitration obligations, ~~you~~Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.”

9. ~~GOVERNING LAW~~Governing Law. The following is added to Section ~~18.C~~17.3 (“Governing Law”) of the Franchise Agreement:

“Except to the extent required by North Dakota law, the laws of the State of Delaware will apply.”

10. ~~WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR AND JURY TRIAL~~Waiver of Punitive Damages, Class Action Bar & Jury Trial. To the extent required by the North Dakota Franchise Investment Law, Section ~~18.D~~17.4 (“Waiver of Punitive Damages, Class Action Bar, and Jury Trial”) and Section ~~18.G(17.7)~~17.7 (“Limitations of Claims”) of the Franchise Agreement are deleted. Otherwise, the following is added to the end of Section ~~18.D~~17.4 and Section ~~18.G~~17.7:

“The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.”

Next Health Franchising LLC

| Next Health Franchising LLC

~~IN WITNESS WHEREOF~~IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

~~NEXT HEALTH FRANCHISING LLC~~

~~FRANCHISE OWNER:~~

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

~~Next Health Franchising LLC~~

~~RIDER TO THE~~
RHODE ISLAND RIDER TO THE
~~FRANCHISE AGREEMENT~~FRANCHISE AGREEMENT
~~FOR USE IN RHODE ISLAND~~

~~THIS RIDER~~THIS RHODE ISLAND RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“**we**”), and ~~_____~~, a ~~_____~~ CA 90069 (“**Franchisor**”), and ~~_____~~ <<Franchisee>>, a ~~_____~~ <<State>> <<Entity Type>> whose principal business address is ~~_____~~ <<Address>> (“**Franchisee**”).

1. ~~**BACKGROUND.**~~ **Background.** ~~We and you~~ Franchisor and Franchisee are parties to that certain Franchise Agreement dated ~~_____~~, 20_____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) ~~you are domiciled in~~ Franchisee is a resident of the State of Rhode Island and the ~~Next~~ Next Health Center that ~~you~~ Franchisee will operate under the Franchise Agreement will be located or operated in the State of Rhode Island; and/or (b) the offer to sell the franchise for ~~your~~ Franchisee’s ~~Next~~ Next Health Center was made or accepted in the State of Rhode Island.

2. ~~**GOVERNING LAW**~~ Governing Law. The following language is added to the end of Section ~~18.C~~ 17.3 (“**Governing Law**”) of the Franchise Agreement:

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

~~[Signature _____ Page _____ Follows]~~

†
Next Health Franchising LLC

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

~~NEXT HEALTH FRANCHISING LLC~~

~~FRANCHISE OWNER:~~

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

~~{Name}~~
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svilich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

~~Next Health Franchising LLC~~

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

~~THIS RIDER~~ THIS SOUTH DAKOTA RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“**we**”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Franchisee>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>” (“**Franchisee**”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) ~~you are domiciled in~~ Franchisee is a resident of the State of South Dakota; and/or (b) the Next NextHealth Center that ~~you~~ Franchisee will operate under the Franchise Agreement will be located or operated in the State of South Dakota; and/or (e**b**) the offer to sell the franchise for ~~your~~ Franchisee’s Next NextHealth Center was made or accepted in the State of South Dakota.

2. ~~FINANCIAL ASSURANCE~~ Financial Assurance. The following language is added to the end of Section 4-A3.1 (“**Initial Franchise Fee**”) of the Franchise Agreement:

“The South Dakota Department of Labor & Relations’ Division of Securities requires us Franchisor to defer the payment of all Initial Franchise Fee and payments you Franchisee owes to us Franchisor until you Franchisee’s Center is operational.”

[Signature _____ Page _____ Follows]

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

~~NEXT HEALTH FRANCHISING LLC~~

~~FRANCHISE OWNER:~~

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

~~{Name}~~
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

FRANCHISEE

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Franchisee Entity>>

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
AREA DEVELOPMENT AGREEMENT**

2

Next Health Franchising LLC

HAWAII RIDER TO THE
~~RIDER TO THE~~ AREA DEVELOPMENT AGREEMENT
AREA DEVELOPMENT AGREEMENT
~~FOR USE IN ILLINOIS~~

~~THIS RIDER~~ THIS HAWAII RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (“we”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Franchisee>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>” (“**Franchisee**”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, 20____ (the “**Area Development Agreement**”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~the offer for sale of the~~ Area Developer is a resident of the State of Hawaii and the Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of Hawaii; and/or (b) the offer to sell the franchise for Area Developer’s Rights Next Health Center was made or accepted in the State of ~~Illinois and the Development Area located in the State of Illinois, and/or (b) you are domiciled in the State of Illinois~~ Hawaii.

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

3. ~~FINANCIAL ASSURANCE~~ Development Fee. The following ~~language is added to~~ at the end of Section 32 (“Development Fee”) of the Area Development Agreement:

~~Pursuant to an order of the Illinois Attorney General’s Office, imposed based on our financial condition, we will defer collection of the Development Fee and all other initial payments you owe us until we have completed all of our pre-opening obligations to you under this Agreement.~~

Notwithstanding anything to the contrary in this Agreement, we will defer the collection of the Development Fee. Instead paying the Development Fee in lump sum for all the Stores you are required to open under the Development Schedule, you must pay us the Development Fee for each Center as on the date such Center opens of business.

Next Health Franchising LLC

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

~~4-~~

By: <<Principal Operator>>
<<Title>> of
<< Area Developer Entity>>

~~2~~
Next Health Franchising LLC

**ILLINOIS RIDER TO THE
AREA DEVELOPMENT AGREEMENT**

THIS ILLINOIS RIDER (this “**Rider**”) is made and entered into by and between Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, CA 90069 (“**Franchisor**”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is <<Address>> (“**Area Developer**”).

1. **Background.** Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____ (the “**Area Development Agreement**”). This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) Area Developer is a resident of the State of Illinois and the Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of Illinois; and/or (b) the offer to sell the franchise for Area Developer’s Next Health Center was made or accepted in the State of Illinois.

2. **Financial Assurance.** The following language is added to the end of Section 2 (“**Development Fee**”) of the Development Agreement:

Payment of Initial Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

3. ~~4. **WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR AND JURY TRIAL; LIMITATIONS OF CLAIMS**~~ Waiver of Punitive Damages, Class Action Bar & Jury Trial; Limitations of Claims. The following language is added to the end of Section ~~9.D~~8.4 (“**Waiver of Punitive Damages, Class Action Bar, and Jury Trial**”) and Section ~~9.G~~8.7 (“**Limitations of Claims**”) of the Development Agreement:

However, this in conformance with Section shall not act as a 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois Regulations at Section 200.609 is void.

5. ~~4.~~ **ILLINOIS FRANCHISE DISCLOSURE ACT** Illinois Franchise Disclosure Act. The following language is added as Section ~~4~~10 of the Development Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Development Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a

2
Next Health Franchising LLC

development agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a development agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of the Development Agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

[Signature Page to Follow]

2

Next Health Franchising LLC

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Area Developer Entity>>

2
Next Health Franchising LLC

**RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND**

**MARYLAND RIDER TO THE
AREA DEVELOPMENT AGREEMENT**

~~THIS RIDER~~THIS MARYLAND RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (“we”), and ~~_____~~, a(n) ~~_____~~ CA 90069 (“Franchisor”), and ~~_____~~ <<Area Developer>>, a ~~_____~~ <<State>> ~~_____~~ <<Entity Type>> whose principal business address is ~~_____~~ <<Address>> (“**Area Developer**”).

1. ~~BACKGROUND. We and you~~Background. Franchisor and Franchisee are parties to that certain Area Development Agreement dated ~~_____~~, 20~~_____~~ (the “**Area Development Agreement**”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are domiciled~~Area Developer is a resident of the State of Maryland and the Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of Maryland; and/or (b) ~~the Development Area is located in the State of Maryland, or (c) the offer for sale of the~~offer to sell the franchise for Area Developer’s Rights Next Health Center was made or accepted in the State of Maryland.

2. ~~FINANCIAL ASSURANCE~~Financial Assurance. The following sentence is added to the end of Section 32 (“**Development Fee**”) of the Development Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first (1st) franchise under the Development Agreement opens.

3. ~~RELEASES~~Releases. The following sentence is added to the end of Sections ~~5.C(5)4.3~~4.3 (“**Conditions for Approval of Transfer**”) of the Development Agreement:

However, pursuant to COMAR 02.02.08.16L(1), any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. ~~INSOLVENCY~~Insolvency. The following sentence is added to the end of Section ~~6.B(5)5.2~~5.2 (“**Termination of Agreement – By Us** Franchisor”) of the Development Agreement:

This Section may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. ~~ARBITRATION~~Arbitration. The following paragraph is added at the end of Section ~~9.A.8.1~~ (“**Enforcement – Arbitration**”) of the Development Agreement:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee or area developer to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. ~~GOVERNING LAW~~Governing Law. The following is added to the end of Section ~~9.B.8.2~~ (“**Governing Law**”) of the Development Agreement:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law. Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. ~~LIMITATIONS OF CLAIMS~~Limitations of Claims. The following sentence is added to the end of Section ~~9.G.8.7~~ (“**Limitations of Claims**”) of the Development Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after we grant you the franchise.

8. ~~MARYLAND LAW~~Maryland Law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to or shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signature _____ Page _____ to _____ Follow]

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Developer Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Area Developer Entity>>

**~~RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA~~**

**MINNESOTA RIDER TO THE
AREA DEVELOPMENT AGREEMENT**

~~THIS RIDER~~THIS MINNESOTA RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (“~~we~~”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“~~you~~<<Address>>” (“**Area Developer**”).

1. ~~**BACKGROUND.**~~Background. ~~We and you~~Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, 20____ (the “**Area Development Agreement**”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are~~Area Developer is a resident of the State of Minnesota; ~~(b) the Development Area is and the NextHealth Center that Area Developer will operate under the Area Development Agreement will be~~ located or operated in the State of Minnesota; ~~and/or~~ (b) the offer ~~for sale of the~~to sell the franchise for Area Developer’s RightsNextHealth Center was made or accepted in the State of Minnesota.

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

3. ~~**CORPORATE PRACTICE OF MEDICINE**~~Corporate Practice of Medicine. Minnesota has adopted the corporate practice of medicine doctrine, which prohibits corporations other than professional associations and non-profit corporations from practicing medicine. This franchise may be at risk of violation of the corporate practice of medicine doctrine, which could result in the possible loss of a franchisee’s investment, due to, for among other reasons, the use of a for-profit business entity operating a medical services business; and the franchisor’s refusal to warrant that the Medical Services Manager and Medical Director will be organized and will operate in accordance with Minnesota law. Prospective franchisees should consult an attorney experienced in this area of Minnesota law prior to signing an agreement to ensure that the franchise relationship and operation do not violate Minnesota law.

I have read and understood the above disclaimer.

Initials: _____

4. ~~FINANCIAL ASSURANCE~~Financial Assurance. The following is added to the end of Section 3 (“**Initial Franchise Fee**”) of the Development Agreement:

Based upon our financial condition, the Minnesota Securities Registration Division has required that we provide a financial assurance. Therefore, payment of all initial fees and other payments owed by you to us or our affiliates will be deferred until your Center opens and we have completed our pre-opening obligations under this Agreement.

5. ~~RELEASES~~Releases. The following is added to the end of Section ~~5.C(5)~~4.3 (“**Conditions for Approval of Transfer**”) of the Development Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law

6. ~~EVENTS OF TERMINATION~~Events of Termination. The following is added to the end of Section ~~6.B5.2~~ (“**Termination of Agreement – By Us**Franchisor”) of the Development Agreement.

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred, eighty (180) days’ notice of non-renewal of this Agreement.

7. ~~GOVERNING LAW~~Governing Law. The following statement is added at the end of Section ~~9.B8.2~~ (“**Governing Law**”) of the Development Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. ~~CONSENT TO JURISDICTION~~Consent to Jurisdiction. The following language is added to the end of Section ~~9.C8.3~~ (“**Consent to Jurisdiction**”) of the Development Agreement.

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80.C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. ~~WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR AND JURY TRIAL~~Waiver of Punitive Damages, Class Action Bar & Jury Trial. If and then only to the extent required by the Minnesota franchises law, Section ~~9.D8.4~~ (“**Waiver of Punitive Damages, Class Action Bar, and Jury Trial**”) of the Development Agreement is deleted.

10. ~~INJUNCTIVE RELIEF~~Injunctive Relief. The following language is added to the end of Section ~~9.E8.5~~ (“**Injunctive Relief**”) of the Development Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

11. ~~LIMITATIONS OF CLAIMS~~Limitations of Claims. The following is added to ~~9.G~~Section 8.7 (“**Limitations of Claims**”) of the Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

12. ~~MINNESOTA LAW~~Minnesota Law. Minnesota Rule 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

[Signature _____ Page 3 to _____ Follow]

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<< Area Developer Entity>>

NEW YORK RIDER TO THE
RIDER TO THE AREA DEVELOPMENT AGREEMENT
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

~~THIS RIDER~~ THIS NEW YORK RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, ~~California 90069~~ (“we”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>” (“**Area Developer**”).

1. ~~**BACKGROUND.**~~ Background. ~~We and you~~ Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, _____ (the “Area Development Agreement”) ~~that has been signed concurrently with this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are domiciled in~~ Area Developer is a resident of the State of New York and the ~~Development Area is~~ NextHealth Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of New York; and/or (b) the offer ~~for sale of the~~ to sell the franchise for Area Developer’s Rights NextHealth Center was made or accepted in the State of New York.

2. ~~**TRANSFER BY US**~~ Transfer by Franchisor. The following language is added to the end of Section ~~5.A.4.1~~ (“~~Transfer – By Us~~ Franchisor”) of the Development Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. ~~**RELEASES**~~ Releases. The following is added to the end of Section ~~5.C(5)4.3~~ (“~~Conditions for Approval of Transfer~~”) of the Development Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of General Business Law Sections 687.4 and 687.5, as amended.

4. ~~**TERMINATION BY YOU**~~ Termination by Franchisee. The following language is added to the end of Section ~~6.A.5.1~~ (“~~Termination – By You~~ Franchisee”) of the Development Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

†

5. ~~CONSENT TO JURISDICTION; GOVERNING LAW~~ Consent to Jurisdiction; Governing Law. The following is added to the end of Section ~~9.B8.2~~ (“**Governing Law**”) and Section ~~9.C(8.3)~~ (“**Consent to Jurisdiction**”) of the Development Agreement:

This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

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

[Signature Page to Follow]

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

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

Next Health Franchising LLC

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<<Area Developer Entity>>

~~Next Health Franchising LLC~~

NEW YORK REPRESENTATIONS PAGE
FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES
NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE
STATEMENT OF A MATERIAL FACT.

**~~RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA~~**

**NORTH DAKOTA RIDER TO THE
AREA DEVELOPMENT AGREEMENT**

~~THIS RIDER~~ THIS NORTH DAKOTA RIDER (this “Rider”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“we”), and _____, a(n) _____ CA 90069 (“Franchisor”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“you <<Address>>” (“Area Developer”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, 20____ (the “Area Development Agreement”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are~~ Area Developer is a resident of the State of North Dakota and the ~~Development Area is~~ Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of North Dakota; and/or (b) the offer ~~for sale of the~~ to sell the franchise for Area Developer’s Rights Next Health Center was made or accepted in the State of North Dakota.

2. ~~1. FINANCIAL ASSURANCE~~ Financial Assurance. The following is added to the end of Section ~~32~~ (“Development Fee”) of the Development Agreement:

Pursuant to an order of the North Dakota Securities Commissioner, we will defer collection of the Development Fee and all other initial payments you owe us until we have completed all of our pre-opening obligations to you under this Agreement.

3. ~~2. RELEASES~~ Releases. The following is added to the end of Sections ~~5.C(5)~~ 4.3 (“Conditions for Approval of Transfer”) of the Development Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the North Dakota Franchise Investment Law.

4. ~~2. DISPUTE RESOLUTION; ARBITRATION~~ Dispute Resolution; Arbitration. The following is added to the end of Section ~~9.A~~ 8.1 (“Enforcement – Arbitration”) of the Development Agreement:

; provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

5. ~~3. GOVERNING LAW~~ Governing Law. The following is added to Section ~~9.B~~ 8.2

(“**Governing Law**”) of the Development Agreement:

Except to the extent required by North Dakota law, the laws of the State of Delaware will apply.

6. ~~4. **CONSENT TO JURISDICTION**~~Consent to Jurisdiction. The following is added to the end of Section ~~9.C~~8.3 (“**Consent to Jurisdiction**”) of the Development Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. ~~5. **WAIVER OF PUNITIVE DAMAGES, CLASS ACTION BAR AND JURY TRIAL**~~Waiver of Punitive Damages, Class Action Bar & Jury Trial. To the extent required by the North Dakota Franchise Investment Law, Section ~~9.D~~8.4 (“**Waiver of Punitive Damages, Class Action Bar, and Jury Trial**”) of the Development Agreement is deleted.

8. ~~6. **LIMITATIONS OF CLAIMS**~~Limitations of Claims. The following is added ~~9.G~~8.7 (“**Limitations of Claims**”) of the Development Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[Signature _____ Page _____ Follows]

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<< Area Developer Entity>>

RHODE ISLAND RIDER TO THE
RIDER TO THE AREA DEVELOPMENT AGREEMENT
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

~~THIS RIDER~~ THIS RHODE ISLAND RIDER (this “Rider”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“~~we~~”), and _____, _____ a(n) _____ CA 90069 (“Franchisor”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“~~you~~ <<Address>>” (“Area Developer”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, 20____ (the “Area Development Agreement”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are domiciled in~~ Area Developer is a resident of the State of Rhode Island and the Development Area is Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of Rhode Island; and/or (b) the offer ~~for sale of the~~ to sell the franchise for Area Developer’s Rights Next Health Center was made or accepted in the State of Rhode Island.

2. ~~CONSENT TO JURISDICTION~~ Consent to Jurisdiction. The following is added at the end of Section 9.C8.3 (“Consent to Jurisdiction”) of the Development Agreement:

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a [development] agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act. “

~~{Signature _____ Page _____ Follows}~~

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<< Area Developer Entity>>

Next Health Franchising LLC

SOUTH DAKOTA RIDER TO THE
RIDER TO THE AREA DEVELOPMENT AGREEMENT
AREA DEVELOPMENT AGREEMENT
FOR USE IN SOUTH DAKOTA

~~THIS RIDER~~ THIS SOUTH DAKOTA RIDER (this “**Rider**”) is made and entered into by and between ~~NEXT HEALTH FRANCHISING~~ Next Health Franchising, LLC, a Delaware limited liability company, whose address is 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069 (“**we**”), and _____, a(n) _____ CA 90069 (“**Franchisor**”), and <<Area Developer>>, a <<State>> <<Entity Type>> whose principal business address is _____ (“**you** <<Address>>” (“**Area Developer**”).

1. ~~BACKGROUND. We and you~~ Background. Franchisor and Franchisee are parties to that certain ~~Area Development~~ Franchise Agreement dated _____, 20____ (the “**Area Development Agreement**”) ~~that has been signed concurrently with the signing of this Rider.~~ This Rider is annexed to and forms part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) ~~you are domiciled in~~ Area Developer is a resident of the State of South Dakota; and/or (b) ~~the Development Area~~ the Next Health Center that Area Developer will operate under the Area Development Agreement will be located or operated in the State of South Dakota; and/or (e**b**) the offer ~~for sale of the~~ to sell the franchise for Area Developer’s Rights Next Health Center was made or accepted in the State of South Dakota.

2. ~~FINANCIAL ASSURANCE~~ Financial Assurance. The following language is added to the end of Section 32 (“**Development Fee**”) of the Development Agreement:

The South Dakota Department of Labor & Relations’ Division of Securities requires us to defer the payment of all Development Fee and payments you owe to us until we have completed all of our pre-opening obligations to you under this Agreement.

[Signature _____ Page _____ Follows]

~~2~~
Next Health Franchising LLC

~~IN WITNESS WHEREOF~~ IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

NEXT HEALTH FRANCHISING LLC

FRANCHISE OWNER:

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

{Name}
By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

AREA DEVELOPER

By: Scott Svlich
Chief Operating Officer of
Next Health Franchising, LLC

By: <<Principal Operator>>
<<Title>> of
<< Area Developer Entity>>

2
Next Health Franchising LLC

STATE EFFECTIVE DATES

~~NEW YORK REPRESENTATIONS PAGE~~

~~FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES
NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE
STATEMENT OF A MATERIAL FACT.~~

Exhibit I

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 23, 2024 Pending
Hawaii	September 13, 2024 Pending
Illinois	June 10, 2024 Pending
Indiana	May 8, 2024 Pending
Maryland	June 4, 2024 Pending
Michigan	May 8 April 21, 2024 2025
Minnesota	May 15, 2024 Pending
New York	June 7, 2024 Pending
North Dakota	June 6, 2024 Pending
Rhode Island	May 13, 2024 Pending
South Dakota	May 9, 2024 Pending
Virginia	October 3, 2024 Pending
Washington	Pending
Wisconsin	May 9, 2024 Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT 1

RECEIPTS

RECEIPTS

Exhibit J

Receipt

RECEIPT

(OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Next Health Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Next Health Franchising LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, Next Health Franchising LLC must give you this disclosure document at the earlier of the first (1st) personal meeting or fourteen (14) calendar days before you sign an agreement with, or make a payment to, Next Health Franchising LLC or an affiliate in connection with the proposed franchise sale. Under Michigan law, Next Health Franchising LLC must give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first (1st). Under New York law, Next Health Franchising LLC must provide this disclosure document at the earlier of the first (1st) personal meeting or ten (10) business days before you sign a binding agreement with, or make a payment to, Next Health Franchising LLC or an affiliate in connection with the proposed franchise sale.

If Next Health Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance Date: ~~May 8~~ April 21, 2024~~2025~~

The franchisor is Next Health Franchising LLC, 8560 West Sunset Boulevard, Suite 650, West Hollywood, California 90069. Tel: (310) 295-2075. The franchise seller for this offering is:

<input checked="" type="checkbox"/> <u>Scott Svilich</u> Next Health Franchising LLC 8560 W. Sunset Blvd, Suite 650 West Hollywood, CA 90069 Tel: (310) 295-2075	<input checked="" type="checkbox"/> _____ Next Health Franchising LLC 8560 W. Sunset Blvd, Suite 650 West Hollywood, CA 90069 Tel: (310) 295-2075	<input checked="" type="checkbox"/> _____ Next Health Franchising LLC 8560 W. Sunset Blvd, Suite 650 West Hollywood, CA 90069 Tel: (310) 295-2075
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<input type="checkbox"/> <u>Scott Svilich</u> Next Health Franchising, LLC 8560 W Sunset Blvd, #650 West Hollywood, CA 90069 <u>(310) 295-2075</u>	<input type="checkbox"/> _____ Next Health Franchising, LLC 8560 W Sunset Blvd, #650 West Hollywood, CA 90069 <u>(310) 295-2075</u>	<input type="checkbox"/> _____ Next Health Franchising, LLC 8560 W Sunset Blvd, #650 West Hollywood, CA 90069 <u>(310) 295-2075</u>
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Next Health Franchising LLC’s registered agents authorized to receive service of process are described in Exhibit A.

I have received a disclosure document dated ~~May 8~~April 21, 2024~~2025~~, that included the following Exhibits:

Exhibit A State Agencies	Exhibit C Area Development Agreement
Exhibit B Franchise Agreement	Exhibit D List of Franchisees
Attachment A Guaranty & Assumption of Obligations	Exhibit E Financial Statements
Attachment B Rep. & Ack. Statement	Exhibit F Table of Contents to Operations Manual
Attachment C Business Ass. Agreement	Exhibit G Sample General Release
Attachment D Management Agreement	Exhibit H State Riders and Addenda
	Exhibit I Receipts

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

Receipt

RECEIPT

(YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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<input type="checkbox"/>	<u>Scott Svilih</u> <u>Next Health Franchising, LLC</u> <u>8560 W Sunset Blvd, #650</u> <u>West Hollywood, CA 90069</u> <u>(310) 295-2075</u>	<input type="checkbox"/>	<u>Next Health Franchising, LLC</u> <u>8560 W Sunset Blvd, #650</u> <u>West Hollywood, CA 90069</u> <u>(310) 295-2075</u>	<input type="checkbox"/>	<u>Next Health Franchising, LLC</u> <u>8560 W Sunset Blvd, #650</u> <u>West Hollywood, CA 90069</u> <u>(310) 295-2075</u>
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Exhibit A	State Agencies	Exhibit C	Form Area Development Agreement
Exhibit B	Form Franchise Agreement	Exhibit D	List of Franchisees
	Attachment A—Guaranty & Assumption of Obligations	Exhibit E	Financial Statements
	Attachment B—Rep. & Ack. Statement	Exhibit F	Table of Contents to Operations Manual
	Attachment C—Business Ass. Agreement	Exhibit G	Sample General Release
	Attachment D—Management Agreement	Exhibit H	State Riders and Addenda
		Exhibit I	Receipts

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

~~PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.~~

A. State Agencies

Next Health Franchising LLC

