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FRANCHISE DISCLOSURE DOCUMENT

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HS HealthSource®

HealthSource Chiropractic, Inc.
an Ohio corporation
36901 American Way, Suite 7
Avon, Ohio 44011
(440) 934-5858
www.HealthSourceChiro.com

HealthSource Chiropractic® clinics are business-to-consumer franchises with an easy operating system that provide “progressive rehabilitation,” by offering physical therapy, weight loss and chiropractic services together as a comprehensive solution for pain relief, and other related services and products. We offer two types of HealthSource Chiropractic® franchises: (1) individual Clinic franchises for the right to develop and operate a single Clinic offering all of our franchised services and products in a designated area; and (2) Regional Developer franchises for the right to recruit certain prospective HealthSource Chiropractic® Clinic franchisees in a designated regional territory and to provide certain sales and support services to HealthSource Chiropractic® Clinic franchises located in the regional territory.

The total investment necessary to begin operation of a single, new start-up Clinic franchise ranges from **\$140,847 to \$249,100** for the first Clinic purchased and from **\$126,847 to \$235,100** for each additional Clinic franchise. This includes the initial franchise fee of \$35,000 for the first franchise purchased, and \$21,000 for each additional franchise. The total investment necessary to begin operation of an existing chiropractic clinic converted to a HealthSource Chiropractic Clinic franchise ranges from **\$52,747 to \$239,100** for the first conversion Clinic, and from **\$44,747 to \$231,100** for each additional conversion Clinic. This includes the initial franchise fee of \$29,000 for the first conversion Clinic, and \$21,000 for each additional conversion Clinic.

The total investment necessary to begin operation of a Regional Developer Franchise ranges from **\$155,997 to \$497,394**. This includes the initial franchise fee for a Regional Developer franchise which ranges from \$140,000 to \$416,300, depending on the population, average income, and number of Clinic franchises to be established in the regional territory during the specified development period.

This disclosure document summaries 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 disclosure in different formats, contact HealthSource Chiropractic, Inc. at 36901 American Way, Suite 7, Avon, Ohio 44011, (440) 967-5458.

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

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

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

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STATE COVER PAGE

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

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

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

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

1. **THE FRANCHISE AGREEMENT AND REGIONAL DEVELOPER AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN LORAIN COUNTY, OHIO. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN OHIO THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT AND REGIONAL DEVELOPER AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE**

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