

FRANCHISE DISCLOSURE DOCUMENT

The Woodhouse SPAS Corporation,
a Texas Corporation
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THE WOODHOUSE

day spa®

The franchise is for the establishment and operation of a day spa business which provides massage therapy, facials, pedicures, manicures, and body treatments and offers and sells various lines of retail products ("Woodhouse Day Spa" or "Spa").

The total investment necessary to begin operation of a Woodhouse Spa is between ~~\$499,050~~497,550 and ~~\$658,400~~692,400. This includes ~~\$74,200~~76,200 that must be paid to the franchisor or affiliate. If you sign a Development Agreement, you also pay a development fee equal to \$48,000 for the first Spa to be developed plus 50% of the initial franchise fee for each additional Spa to be developed. The pro rata portion of the development fee allocable to each Spa will be credited against the initial franchise fee due for that Spa.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jeni Garrett at One O'Connor Plaza, 1st Floor, Victoria, Texas 77901 and (877) 570-7772.

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

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

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

Date of Issuance: ~~April 18, 2014~~ May 8, 2015

STATE COVER PAGE

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

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

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

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

- 1. THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE YOU TO MEDIATE ONLY IN VICTORIA, TEXAS AND SUE US ONLY IN VICTORIA COUNTY, TEXAS OR IN THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE IN VICTORIA, TEXAS AND LITIGATE WITH US IN TEXAS THAN IN YOUR HOME STATE.**
- 2. THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE THAT TEXAS LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. ~~OUR DECEMBER 31, 2013 AUDITED FINANCIAL STATEMENTS SHOW THAT WE HAD A WORKING CAPITAL DEFICIENCY OF \$256,474 AND A RETAINED EARNINGS DEFICIT OF \$1,329,248.4.~~ IF THE FRANCHISEE IS AN INDIVIDUAL, THE FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY UNDER WHICH THE SPOUSE WILL BE JOINTLY AND SEVERALLY LIABLE FOR OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THE SPOUSE AT RISK.**

5.4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more Franchise Brokers or referral sources (which may include area representatives or regional developers) to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the following state effective date summary page for state effective dates.

THE WOODHOUSE SPAS CORPORATION

STATE EFFECTIVE DATE SUMMARY PAGE

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California -	Effective Date: May 12, 2014 _____, 2015
Illinois -	Effective Date: April 30, 2014 _____, 2015
Indiana -	Effective Date: April 30, 2014 _____, 2015
Maryland -	Effective Date: May 6, 2014 _____, 2015
Michigan -	Effective Date: April 18, 2014 <u>May 8, 2015</u>
Minnesota -	Effective Date: April 29, 2014 _____, 2015
New York -	Effective Date: July 11, 2014 _____, 2015
Virginia -	Effective Date: April 30, 2014 _____, 2015
Washington -	Effective Date: April 30, 2014 _____, 2015
Wisconsin -	Effective Date: April 23, 2014 _____, 2015

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