FRANCHISE DISCLOSURE DOCUMENT





BODY BAR HOLDINGS, LLC 4514 TRAVIS STREET, SUITE 212 DALLAS, TX 75205 (469) 364-7962 www.bodybarstudios.com

Body Bar Holdings, LLC is offering a franchise for the establishment and operation of studios offering Pilates-inspired classes and other fitness-related services under the bodybar trade name and business system ("Franchise").

The total investment necessary to begin operation of a Body Bar Franchise is \$115,000 to \$401,000. This includes the initial franchise fee of \$35,000 for the first Franchise or \$30,000 for each additional Franchise that must be paid to the franchisor or affiliate.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 Alison Bradley, Director of Franchising at Alison@bodybarstudios.com, (469) 364-7962.

The terms of your contract will govern your franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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.

Date of Issuance: January 26, 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 <u>Exhibit G</u> for information about the franchisor or for information 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 DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND THEN ARBITRATION ONLY IN DALLAS, TEXAS. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN DALLAS, TEXAS THAN IN YOUR OWN STATE.
- 2. CERTAIN DISPUTES WITH US NOT SUBJECT TO MEDIATION OR ARBITRATION MUST BE RESOLVED BY LITIGATION ONLY IN DALLAS, TEXAS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN DALLAS, TEXAS THAN IN YOUR OWN STATE.
- 3. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATES THAT TEXAS 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.
- 4. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO PAY LIQUIDATED DAMAGES IF YOUR FRANCHISE AGREEMENT OR DEVELOPMENT AGREEMENT IS TERMINATED FOR CAUSE.
- 5. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRES THE INDIVIDUAL OWNERS OF THE FRANCHISEE AND THEIR SPOUSES SIGN A PERSONAL GUARANTY UNDER WHICH THE SPOUSE WILL BE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATIONS OF THE FRANCHISE. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND THEIR SPOUSES AT RISK.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.



STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Texas: February 23, 2015

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