

or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology

You must allow our approved supplier to upgrade the proprietary database configuration of the membership tracking software, electronic cash register system and computer in your Gym as we determine necessary. Our approved supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates. The system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain.

You must purchase or lease, and thereafter maintain, such computer hardware and software (including, but not limited to, a POS system) dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Gym memberships, scheduling classes, and other functions that we require. You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your computer system as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your computer system in compliance with certain security standards specified by use, which may be modified at our discretion from time to time. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our standards and specifications for all item(s) associated with your computer system, and will otherwise operate your computer system in accordance with our standards and specifications.

To ensure full operational efficiency and optimum communication capability between and among computer systems installed by you, us, and other Chuze Fitness franchisees, you agree, at your expense, to keep your computer system in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We reserve the right to require you to update or upgrade any computer hardware or software during the term of the franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation. The approximate cost of the computer hardware and software, and POS System varies between \$16,000 and \$28,000. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from \$500 to \$15,000.

We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

ITEM 12 TERRITORY

You will operate the Gym at a specific location approved by us. So long as you are in "good standing" (as that term is defined in Section 8.8 of the Franchise Agreement), you will receive a two (2) mile protected radius from your Gym's authorized location. Neither we nor our affiliates will operate or establish, or authorize another Chuze Fitness franchisee to operate

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Uniform Franchise Disclosure Document ("Disclosure Document") and Franchise Agreement will be amended as follows

CALIFORNIA

ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at www.corp.ca.gov

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

- 1 The following language is added to the end of Item 3 of the Disclosure Document

Neither Chuze Fitness Franchises, Inc., nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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, 15 U S C A 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document.

The Franchise Agreement requires franchisee to execute 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

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.)

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law but we will enforce it to the extent enforceable

The Franchise Agreement requires application of the laws of the state where the business is located. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

3 The following Risk Factors are added to the State Cover Page of the Disclosure Document:

- A. **THE FRANCHISOR RESERVES THE RIGHT TO ESTABLISH ALTERNATIVE CHANNELS OF DISTRIBUTION WITHIN THE FRANCHISEE'S PROTECTED RADIUS/EXCLUSIVE TERRITORY.**
- B. **THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$1,104,500 TO \$1,637,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2012, WHICH IS \$43,819.**

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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