



## FRANCHISE DISCLOSURE DOCUMENT

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## FRANCHISE DISCLOSURE DOCUMENT CITYROW FRANCHISE, LLC

A Michigan Limited Liability Company 106 E. Liberty, Suite 310 Ann Arbor, MI 48104 (734) 619-0919 www.cityrow.com



The franchise is for the establishment and operation of a CITYROW® Fitness Facility that offers total body workouts that are effective and fun, taught by CITYROW Certified Trainers.

The total investment necessary to begin operation of one CITYROW® Fitness Facility ranges from \$213,947 to \$297,037. The range of investment includes the cost of our training fees of at least \$1,990 and the cost of our Standard Initial Package of \$47,298, both of which must be paid to us. The range of investment also includes an initial franchise fee of \$49,500, which is also paid to us. If you acquire the right to open more than one Fitness Facilities under our Area Development Agreement, instead of paying the initial franchise fee, you will pay a development fee of \$99,500 if you agree to develop three Fitness Facilities or \$149,500 if you agree to develop five Fitness Facilities. The range of investment assumes that you will rent your location and does not include the cost of buying the location of your CITYROW® Fitness Facility.

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, us or an affiliate in connection with a proposed franchise sale. Note, however, that no government 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 Jonathan Koudelka, 106 E. Liberty, Suite #310, Ann Arbor, MI 48104 (734) 619-0919.

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 (the "FTC"). 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.

FTC Issuance Date: February 5, 2018



## 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 administrators listed in Exhibit D 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 AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN MICHIGAN. OUT-OF-STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. IF YOU ARE IN A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP, YOUR OWNERS MUST PERSONALLY GUARANTY YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT AND AGREE TO BE BOUND PERSONALLY BY EVERY CONTRACTUAL PROVISION, WHETHER CONTAINING MONETARY OR NON-MONETARY OBLIGATIONS, INCLUDING THE COVENANTS NOT TO COMPETE.
- 4. YOUR SPOUSE MAY BE REQUIRED TO 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.
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more Franchise Brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay these persons 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 next page for state effective dates

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