

FRANCHISE DISCLOSURE DOCUMENT



ClimbZone Franchising, LLC
a Maryland limited liability company
8993 Yellow Brick Road, Suite B
Rosedale, Maryland 21237
Phone: (410) 686-1696
Email: franchise@climbzone.com
Web: www.climbzone.us

We offer qualified individuals and entities a franchise for the right to independently own and operate an indoor activity center (each, an “Activity Center”) that is designed to be a family-friendly venue where children and others can participate in and enjoy (a) climbing activities and classes that take place on a proprietary line of climbing walls, (b) bouncing activities on inflatable items, (c) playground activities for toddlers, (d) coin-operated attractions and concession stand services, and (e) separate rooms where birthdays or other private group events can be held.

The total investment necessary to begin operation of a single Franchised Business ranges from \$1,870,974 to \$2,980,150, which includes \$1,240,000 to \$1,940,000 that must be paid to the franchisor or affiliate prior to opening.

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, 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 Nico Buik, c/o ClimbZone Franchising, LLC, 8993 Yellow Brick Road, Rosedale, Maryland 21237 or at (410) 686-1696.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP 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 or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit 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 AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION (AT OUR OPTION) OR LITIGATION THAT WILL TAKE PLACE IN MARYLAND (OR OTHER STATE WHERE FRANCHISOR'S THEN-CURRENT HEADQUARTERS ARE LOCATED). OUT OF STATE MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN MARYLAND (OR OTHER STATE WHERE FRANCHISOR'S HEADQUARTERS IS LOCATED) THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT MARYLAND LAW GOVERN THE AGREEMENT, EXCEPT THAT ANY AND ALL DISPUTES AND/OR ACTIONS RELATED TO ANY OF THE COVENANTS AGAINST COMPETITION SET FORTH IN THESE AGREEMENTS WILL BE GOVERNED BY THE LAW WHERE YOUR FRANCHISED BUSINESS IS LOCATED. THE APPLICATION OF MARYLAND LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE OCTOBER 2, 2015. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$1,870,974 to \$2,980,150. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF FEBRUARY 4, 2016, WHICH IS \$49,765.
5. IF YOU SIGN ANY FRANCHISE AGREEMENT AS AN INDIVIDUAL, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. IF YOU ARE A FRANCHISE ENTITY, THEN EACH OF YOUR OWNERS AND THEIR RESPECTIVE SPOUSES MUST SIGN A PERSONAL GUARANTY

MAKING EACH OF THESE INDIVIDUALS JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. ANY INDIVIDUAL THAT SIGNS THE PERSONAL GUARANTY MAY HAVE THEIR MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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 this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/climbzone>