



FRANCHISE DISCLOSURE DOCUMENT

Department of Business Oversight Los Angeles Office

APR 1 0 2018

RECEIVED

Barre Code Franchisor, L L C an Illinois limited liability company 435 N LaSalle Blvd LL2 Chicago, IL 60654 (312) 595-1600 franchising@thebarrecode.com www.thebarrecode.com

We offer a franchise to own and operate a barre-based fitness and workout studio under "The Barre Code" name and marks

The total investment necessary to begin operation of a Barre Code franchise ranges from **\$222,500-\$515,000** This includes the Initial Franchise Fee of \$49,500 that must be paid to the franchisor This also includes the option, if we grant the right to develop multiple units, of entering into a 3 or 5 Multi-Unit Territory Development Agreement, which has an Initial Franchise Fee of \$108,500 for the combined 3-Studios or \$152,500 for the combined 5-Studios that must be paid to franchisor

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 payments to, the franchisor or an affiliate in connection with the 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 Samantha Pielet at Barre Code Franchisor, L L C, 435 N LaSalle Blvd LL2, Chicago, IL 60654 and (312) 595-1600

The terms of your contract will govern your franchise relationship Don't rely on this 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 Consumei 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, D C 20580 You can also visit the FTC's home page at <u>www ftc gov</u> for additional information Call your state agency or visit your public library for other sources of information

Barre Code Franchisor L L C 2018 Franchise Disclosure Document



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

ISSUANCE DATE April 8, 2018

Barre Code Franchisor LLC 2018 Franchise Disclosure Document



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 FRANCHISE DISCLOSURE DOCUMENT

Call the state franchise administrator listed in <u>Exhibit A</u> 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 ARBITRATION OR LITIGATION IN A JURISDICTION IN THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, CHICAGO, ILLINOIS) OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, CHICAGO, ILLINOIS) THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT ILLINOIS 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

3 IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT YOUR SPOUSE MUST ALSO SIGN A GUARANTY WHICH PLACES YOUR SPOUSE'S MARITAL ASSETS AT RISK IF YOUR FRANCHISE FAILS

4 YOU MUST MAKE MINIMUM ROYALTY OR ADVERTISING FUND PAYMENTS, REGARDLESS OF YOUR SALES LEVELS YOUR INABILITY TO MAKE THESE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may use the services of one or more FRANCHISE CONSULTANTS or referral sources to assist us in selling our franchise A franchise consultant 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

Effective Date See the next page for state effective dates

Barre Code Franchisor LLC

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