

2015

LEARNINGRX FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT



**LEARNINGRX FRANCHISE CORPORATION**

a Colorado Corporation
5085 List Drive, Suite 200
Colorado Springs, Colorado 80919
719-264-8808
sales@learningrx.com
www.learningrx-franchise.com

LearningRx Franchise Corporation offers franchises to operate a business for providing learning enhancement, cognitive training (also referred to as brain training) and reading training and courses using programs and products designed by LearningRx under the trade name LEARNINGRX TRAINING CENTER (“Center”).

The total investment necessary to begin operation of a LearningRx Franchise ranges from \$102,300 to \$200,750 including between \$60,000 to \$83,000 that must be paid to the franchisor or its affiliate.

If you sign an Area Development Agreement, you will pay us an area development fee (“Area Development Fee”) equal to 50% of the Development Franchisee Fee multiplied by the number of Centers you are authorized to open under your Development Schedule. An example of the reduced franchise fee that comprises the Area Development Fee is for additional territories of over 100,000 people. Please note the amount of the franchise fee reduced is an example only. The Development Franchisee Fee of \$28,000 is 20% less than the Initial Franchisee Fee of \$35,000 which is then added to the Initial Training and Material Fee of \$8,000 which is 20% less than the single unit Initial Training and Material Fee of \$10,000 totaling \$36,000 as an example of the total Area Development Fee. The Area Development Fee multiplied by 50% is the total Area Development Fee Deposit of \$18,000 due at the time of signing the Area Development Agreement. The total investment necessary for any subsequent LearningRx franchises varies based on the total number of LearningRx locations you commit to develop.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 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 LearningRx Franchise Corporation at 5085 List Drive, Suite 200, Colorado Springs, Colorado 80919 and 719-264-8808.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” is available from the FTC. You can contact the FTC at 1-877-FTCHELP 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.

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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 THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator 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 ARBITRATION ONLY IN COLORADO. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN COLORADO THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT COLORADO 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. **TO MAINTAIN YOUR TERRITORY AND LICENSE, STARTING SIX MONTHS AFTER OPENING, YOU MUST ACHIEVE AND MAINTAIN ANNUAL MINIMUM GROSS REVENUES OF \$50,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR THE FIRST 12 MONTHS, \$75,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR THE SECOND 12 MONTHS AND \$100,000 FOR EVERY 100,000 PEOPLE (OR PRO-RATED PORTION OF 100,000) IN YOUR TERRITORY FOR ANY 12 MONTH PERIOD.**
4. **THE FRANCHISOR REQUIRES THAT SPOUSES OF THE FRANCHISEE, WHO MAY NOT BE INVOLVED IN THE FRANCHISE BUSINESS, MUST BE BOUND TO THE FRANCHISE AGREEMENT, AREA DEVELOPER AGREEMENT AND PERSONAL GUARANTEE, PLACING THE SPOUSES MARITAL AND PERSONAL ASSETS AT RISK.**
5. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Date: See the next page for state effective dates.

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