

## FRANCHISE DISCLOSURE DOCUMENT



Modo Yoga International Inc, a British Columbia corporation  
301 Epron Road, Salt Spring Island, British Columbia, V8K 1C7 Canada  
Telephone 1-888-966-9642, Email [newstudios@modoyoga.com](mailto:newstudios@modoyoga.com)

Received  
LA Mailroom

SEP 09 2016

Department of  
Business Oversight

The franchisee will operate a yoga studio under the name Modo Yoga, followed by the name of the territory in which the franchisee's yoga studio is located. For example, a yoga studio located in Seattle will operate under the name Modo Yoga Seattle.

The total investment necessary to begin operations of a single studio ranges from \$327,337.50 to \$950,000. This includes \$7,675 (Heritage Studio), \$11,512.50 (Small-Market Studio) or \$15,350 (Standard Studio) that must be paid to the franchisor or affiliate. We also offer to qualified applicants the right to develop multiple yoga studios within a development territory. The total investment necessary to acquire rights to develop between two and five yoga studios ranges from \$338,850 and \$996,050. This includes your estimated initial investment to develop the first studio, the payment to us of the initial fee of \$7,675 (Heritage Studio), \$11,512.50 (Small-Market Studio) or \$15,350 (Standard Studio) for the first studio and the payment to us of the area developer fee of between \$11,512.50 and \$46,050, depending on how many studios you commit to develop within a development territory.

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 the New Studios Coordinator at 301 Epron Road, Salt Spring Island, British Columbia V8K 1C7 Canada, [newstudios@modoyoga.com](mailto:newstudios@modoyoga.com) and (866) 966-9642.

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. 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 [www.ftc.gov](http://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.

Issuance Date April 11, 2016

**STATE COVER PAGE**  
**Modo Yoga International, Inc**

Your state may have a franchise law that requires a franchisor to register or file with the 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 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 ARBITRATION IN LOS ANGELES COUNTY, CALIFORNIA 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 CALIFORNIA THAN IN YOUR OWN STATE**
- 2 **THE FRANCHISE AGREEMENT STATES THAT DELAWARE 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 DO NOT HAVE A LETTER OF INTENT FOR A LEASE OF A STUDIO WITHIN 180 DAYS OF THE DATE OF THE FRANCHISE AGREEMENT, YOUR FRANCHISE AGREEMENT MAY BE TERMINATED BY THE FRANCHISOR**
- 4 **YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY**
- 5 **YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS**
- 6 **THE AUDITOR'S REPORT ON THE FRANCHISOR'S FINANCIAL STATEMENTS EXPRESSES A LIQUIDITY RISK THIS MEANS THE FRANCHISOR MAY**

ENCOUNTER DIFFICULTY IN MEETING OBLIGATIONS ASSOCIATED WITH  
FINANCIAL LIABILITIES

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

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