

FRANCHISE DISCLOSURE DOCUMENT



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This disclosure document is for the right to own and operate a Regional Developer Business in which you will be responsible for promoting, establishing and supporting Location Franchises which operate and/or manage chiropractic clinics (“Clinic(s)”) that specialize in providing chiropractic services to the general public at a specific location under the trademarks “The Joint®”, “The Joint® Chiropractic™”, and other marks we authorize. The term “Regional Developer” or “Regional Developers”, mean a person or entity that operates one or several Regional Developer Businesses. Note that the term “Regional Developer(s)” as used in this document has the same definition and meaning as an “Area Representative(s)” under the new NASAA Multi-Unit Commentary adopted in September 2014. Each Location Franchise will report to and receive support directly and indirectly from you and/or our corporate headquarters. Location Franchises are offered under a separate disclosure document (“FDD for Location Franchises”).

The estimated total initial investment necessary to begin operations of your Regional Developer Business will range from **\$161,350 to \$549,400**. This amount includes a Development Fee ranging from **\$150,000 to \$500,000** that must be paid to the franchisor or an affiliate. Each Regional Developer Business must open at least one Location Franchise. The estimated total initial investment necessary to begin operations of a Location Franchise is contained in our FDD for Location Franchises.

This disclosure document (“Disclosure Document”) summarizes certain provisions of your Regional Developer Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us 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 Eric Simon, The Joint Corp., 16767 N. Perimeter Dr., Suite 240, Scottsdale, AZ 85260, (480) 245-5960.

The terms of your contract will govern your franchise relationship. Don’t 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 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 5, 2017

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 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 REGIONAL DEVELOPER AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN ARIZONA. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.

2. THE REGIONAL DEVELOPER AGREEMENT STATES THAT ARIZONA 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. YOU, YOUR SPOUSE(S), AND/OR EACH SPOUSE OF YOU, OR THE OWNERS/PARTNERS/MEMBERS OF YOU IF YOU ARE A LEGAL ENTITY, MAY HAVE TO SIGN A PERSONAL GUARANTY AND PERSONALLY GUARANTEE ALL OBLIGATIONS OF THE REGIONAL DEVELOPER BUSINESS, WHETHER OR NOT YOUR SPOUSE(S) IS/ARE INVOLVED IN THE OPERATION OF THE BUSINESS. THIS REQUIREMENT PLACES AT RISK THE PERSONAL ASSETS OF YOU, THE OWNERS/PARTNERS/MEMBERS OF YOU IF YOU ARE A LEGAL ENTITY, AND/OR YOUR SPOUSE(S).

4. 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 is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: May 5, 2017

Except for the States listed below.

The effective dates of registration of this Disclosure Document in these states are:

<u>State</u>	<u>Effective Date</u>
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Exemption Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

The dates in the chart above are of the most recent registration. Renewals, new applications, amendments or other filings may be pending in these states.

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