

APR 20 2016

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



MAX Franchising, LLC
a New Jersey limited liability company
1030A Campus Drive West
Morganville, New Jersey 07751
Telephone: (800) 670-0263
Email: info@themaxchallenge.com
Home page: www.themaxchallenge.com

The franchisee will provide ten-week fitness programs in a specially designed format.

The total investment necessary to begin operation of The Max Challenge® franchised transformation center is \$89,925 to \$190,000. This includes \$36,270 to \$37,650 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under an Area Development Agreement ranges from \$129,925, to \$230,000 (for an Area Development Agreement requiring the development and operation of 3 Centers). This includes \$76,275 to \$77,650 that must be paid to the franchisor or affiliate.

This 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 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 or grant. **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 forms, contact Bryan Klein, CEO, MAX Franchising, LLC at 1030A Campus Drive West, Morganville, New Jersey 07751 or (800) 670-0263.

The terms of your contract will govern your franchise relationship. Do not 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 "Buying a Franchise: A Consumer Guide," 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 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 E** 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 AND ARBITRATION ONLY IN NEW JERSEY. OUT OF STATE MEDIATION AND/OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND/OR ARBITRATE WITH MAX FRANCHISING LLC IN NEW JERSEY THAN IN YOUR HOME STATE. THIS PROVISION MAY BE SUPERCEDED BY CERTAIN STATE LAWS. PLEASE REFER TO THE STATE SPECIFIC ADDENDA ATTACHED TO THIS DISCLOSURE DOCUMENT.
2. THE FRANCHISE AGREEMENT STATES THAT NEW JERSEY LAW GOVERNS THIS AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOU MUST PAY THE FRANCHISOR MINIMUM ROYALTY FEES OF \$500 EACH MONTH AFTER YOU BEGIN PRESALES, EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE. YOU MUST ALSO SPEND A MINIMUM OF \$2,000 PER MONTH ON ADVERTISING. THESE MINIMUM MONTHLY FEES MAY INCREASE EVERY YEAR.
4. SPOUSE(S) OF THE FRANCHISE OWNERS MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE(S) JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSE(S) AT RISK.
5. THE FRANCHISOR IS A START-UP FRANCHISE COMPANY WITH LIMITED OPERATING HISTORY.
6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$80,575 TO \$170,650. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2014, WHICH IS AN ACCUMULATED DEFICIT OF \$109,214.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on the following page.

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