

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise.
3. **Minimum Payments.** You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

A. Minnesota Rules 2860.4400(D) prohibits ~~usa~~ franchisor from requiring ~~you~~ a franchisee to assent to a general release.

B. ~~We~~ With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute ~~Section~~ 80C.14, Subds. 3, ~~4 and~~ 5, which require, ~~(except in certain specified cases,)~~

- that ~~you~~ a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; ~~and~~ and that consent to the transfer of the franchise will not be unreasonably withheld.

- that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute ~~Section~~ 80C.21 and Minnesota Rule 2860.4400(J) prohibit ~~us~~ the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring ~~you~~ the franchisee to consent to liquidated damages, termination penalties or judgment notes. ~~In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your the franchisee's rights as provided for in Minnesota Statutes, chapter 80C, or your Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.~~

D. ~~We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we~~ Minnesota considers it unfair to not protect ~~your~~ the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks,

service marks, trade names, logotypes, or other commercial symbols or indemnify ~~you~~the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

~~_____~~ E. ~~We~~The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

~~_____~~ F. The Limitations of Claims section must comply with Minnesota Statute ~~Section~~ 80C.17, Subd. 5 ~~regarding limitation of~~.

~~_____~~ G. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

~~_____~~ H. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

FOR THE STATE OF NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

1. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.
2. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.
3. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.
4. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

FOR THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Franchise Agreement for Exercise Coach USA, LLC is amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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FOR THE STATE OF MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Area Development Agreement agree as follows:

A. Minnesota Rules 2860.4400(D) prohibits ~~us~~ a franchisor from requiring ~~you~~ a franchisee to assent to a general release.

B. ~~We~~ With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute ~~Section~~ 80C.14, Subds. 3, ~~4~~ and ~~5~~, which require, ~~(except in certain specified cases,)~~

- that ~~you~~ a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the ~~Area Development Agreement; and franchise agreement and~~ that consent to the transfer of the franchise will not be unreasonably withheld.
- that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute ~~Section~~ 80C.21 and Minnesota Rule 2860.4400(J) prohibit ~~us~~ the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring ~~you~~ the franchisee to consent to liquidated damages, termination penalties or judgment notes. ~~In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your the franchisee's rights as provided for in Minnesota Statutes, chapter 80C, or your Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.~~

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~~_____~~ H. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

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2. We will not place any condition, stipulation, or provision in the Area Development Agreement that requires you to waive compliance with any provision of the New York Franchise Law.
3. Any provision in the Area Development Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.
4. Notwithstanding the transfer provision in the Area Development Agreement, we will not assign the Area Development Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Development Agreement.

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2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota,

Franchise Disclosure Document (2024 Multi-State)

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FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document: