SMVRT LEGAL RESOURCE

FRANCHISE DISCLOSURE DOCUMENT

PeakForm Fitness Franchising, LLC

A realistic, annotated fictional sample created to help prospective franchise buyers understand FDD structure, representative disclosure language and the contracts they may be asked to sign.

FICTIONAL EDUCATIONAL SAMPLE - NOT AN OFFERING DOCUMENT

32-page buyer resource

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READ THIS FIRST

How to use this sample

This document is deliberately structured like an FDD so that you can learn where information appears and how the disclosures connect to the franchise agreement.

FICTIONAL SAMPLE

PeakForm Fitness Franchising, LLC, its people, outlets, fees, financial information and agreements are entirely fictional. This resource is not a compliant FDD and may not be used to offer or sell a franchise.

Start with the question you need answered, then follow the issue across the document:

Buyer question	Where to begin	What to compare
How much will I invest?	Items 5, 6 and 7	Supplier requirements in Item 8 and future spending under Item 11
Can the business make money?	Item 19	Assumptions, Item 6 fees, Item 7 costs and conversations with Item 20 franchisees
What territory is protected?	Item 12	Reserved channels and the exact territory clause in the franchise agreement
How can the relationship end?	Item 17	Defaults, cure rights, guarantees and post-termination duties in the agreements

SMVRT BUYER NOTE

A sample teaches navigation. Only the franchisor's current FDD and complete contract package reveal the actual economics, restrictions and risks of a specific opportunity.

BUYER ORIENTATION

What you need to know about franchising generally

Franchise ownership combines a business investment with a long-term contractual relationship.

Fees may continue during losses

Royalties and other charges are commonly based on gross sales or fixed amounts rather than profit.

The system may change

The agreement may allow updates to standards, technology, products, vendors and operating methods.

Suppliers may be restricted

Required sources can affect cost, availability and the franchisee's ability to substitute products.

Operating discretion is limited

The franchisor may control branding, services, hours, pricing practices, marketing and customer experience.

Renewal is conditional

A franchisee may need to sign the then-current agreement, remodel, pay fees and release claims.

Exit can be difficult

Transfers may require approval, fees, buyer qualifications and satisfaction of existing obligations.

> **SMVRT BUYER NOTE**
> Treat the operating manual, technology rules and future standards as part of the practical bargain even when they are not attached to the FDD.

RISK SUMMARY

Special risks in this fictional offering

These are illustrative issues a prospective buyer might see highlighted on a real FDD cover page or state risk page.

1. Out-of-state dispute resolution

The fictional agreement selects Colorado courts. A buyer located elsewhere may incur additional cost and inconvenience.

2. Personal guarantee

Each principal owner and the owner's spouse may be asked to guarantee the franchisee's obligations, potentially exposing personal assets.

3. Supplier and technology control

Required equipment, software and branded products must be purchased from designated sources, including an affiliate.

4. Financial condition

This fictional franchisor is early-stage and has limited operating history as a franchise company.

5. No exclusive customer channel

The franchisor reserves online, national-account and nontraditional-location opportunities.

FICTIONAL SAMPLE
These risks were invented for this educational sample. They do not describe F45 or any other existing fitness franchise.

DOCUMENT MAP

Table of contents

ITEM 1

The Franchisor and any Parents, Predecessors and Affiliates

The franchisor is PeakForm Fitness Franchising, LLC, a fictional Delaware limited liability company formed on March 15, 2022. Its principal business address is 1000 Summit Avenue, Denver, Colorado 80202. The franchisor began offering PeakForm Fitness franchises in 2024.

PeakForm Studios, LLC, an affiliate under common ownership, operates two fictional company-owned fitness studios. PeakForm Technology, LLC licenses scheduling, programming and member-engagement software to the franchisor and its franchisees. The franchisor has no predecessor.

PeakForm Fitness studios provide small-group strength and conditioning classes using branded programming, connected equipment and a membership model. A franchisee must operate from an approved studio, use designated systems and comply with the operating standards described in Item 11 and the franchise agreement.

The fitness industry is highly competitive. Franchisees may compete with national chains, boutique studios, gyms, personal trainers, online fitness programs and home-equipment providers. Applicable laws may include consumer-protection, health-club membership, automatic-renewal, employment, accessibility, privacy and local licensing requirements.

SMVRT BUYER NOTE

Map the flow of money and control among the franchisor and its affiliates. Affiliate relationships matter when required products, leases, technology or intellectual property generate separate revenue.

ITEM 2

Business Experience

The following fictional individuals have management responsibility for the franchise program:

Name and position	Five-year business experience
Jordan Lee - Chief Executive Officer	CEO of PeakForm since 2022; previously regional operations executive for an unrelated wellness company.
Morgan Ellis - Chief Operating Officer	COO since 2023; previously supervised multi-unit boutique fitness operations.
Taylor Bennett - VP, Franchise Support	Joined PeakForm in 2024; previously worked in franchise field support and training.
Riley Morgan - Chief Financial Officer	CFO since 2023; previously served in finance roles for consumer-service businesses.

Experience operating a fitness location is not the same as experience building and supporting a franchise system. A prospective franchisee should evaluate leadership tenure, turnover, staffing depth and the experience of the people who will actually support the location.

SMVRT BUYER NOTE
Ask who owns responsibility for real estate, construction, training, technology, marketing and field support. Compare the answer with Item 11's stated obligations.

Litigation and Bankruptcy

ITEM 3 - LITIGATION

The franchisor, its fictional affiliates and the individuals identified in Item 2 have no litigation required to be disclosed in this educational sample.

A real Item 3 may disclose franchise litigation, regulatory proceedings, injunctions, fraud-related matters or material civil actions. The number of cases is only one consideration. Review the allegations, outcomes, dates, recurring themes and relationship between the dispute and the franchise system.

ITEM 4 - BANKRUPTCY

The franchisor, its fictional affiliates and the individuals identified in Item 2 have no bankruptcy required to be disclosed in this educational sample.

A disclosed bankruptcy does not answer whether the present franchisor is financially capable of supporting the system. Compare Item 4 with the financial statements in Item 21, outlet movement in Item 20 and the franchisor's development commitments.

SMVRT BUYER NOTE

Search independently for current litigation and regulatory information. The FDD is a required disclosure source, not a substitute for broader diligence.

ITEM 5

Initial Fees

The fictional fees below are payable before opening:

Fee	Amount	When due	Refundability
Initial franchise fee	$45,000	At signing	Nonrefundable after acceptance
Technology implementation	$4,500	At signing	Nonrefundable once setup begins
Opening marketing package	$9,000	60 days before opening	Nonrefundable after ordering
Training for additional attendee	$1,250	Before training	Nonrefundable within 30 days

The franchisor may offer a $5,000 reduction in the initial franchise fee to a qualifying veteran. No salesperson may promise another discount unless the offer is documented in writing by an authorized officer.

The initial franchise fee compensates the franchisor for granting the franchise and providing pre-opening services. It does not include real estate, construction, equipment, permits, insurance, professional fees or operating capital.

SMVRT BUYER NOTE

Request a written list of every payment due between signing and opening. Ask which commitments become nonrefundable before site approval, financing or lease execution.

ITEM 6

Other Fees

Fee	Amount or formula	Notes
Royalty	7% of Gross Sales	Due weekly by electronic transfer
Brand fund	2% of Gross Sales	May increase to 3% on 90 days' notice
Local marketing	At least 2% of Gross Sales	Spent directly in approved channels
Technology	$650 per month	May change with system costs
Support visit	Costs plus $750 per day	May apply to additional or remedial support
Renewal	25% of then-current initial fee	Plus required remodel and documentation
Transfer	$15,000	Plus training and professional costs
Late charge	1.5% per month or legal maximum	Applied to overdue amounts
Audit	Cost of audit if underreporting exceeds 2%	Plus unpaid amounts and interest

Gross Sales is defined broadly in the fictional franchise agreement and generally includes revenue from memberships, services, products and approved programs, without deducting most operating costs.

SMVRT BUYER NOTE

Model fees against realistic revenue and margin scenarios. A fee expressed as a percentage of gross sales can remain payable even when the business is unprofitable.

ITEM 7

Estimated initial investment - part 1

Type of expenditure	Low	High	Method/payment timing
Initial franchise fee	$45,000	$45,000	Paid to franchisor at signing
Technology implementation	$4,500	$4,500	Paid at signing
Lease deposit and prepaid rent	$18,000	$55,000	Paid to landlord
Leasehold improvements	$135,000	$265,000	Paid to contractors
Fitness equipment package	$72,000	$108,000	Paid before delivery
Furniture, fixtures and signage	$22,000	$42,000	Before opening
Opening inventory and supplies	$7,500	$14,500	Before opening
Opening marketing package	$9,000	$9,000	60 days before opening

The estimates assume a leased studio of approximately 3,500 to 5,000 square feet. Real estate and construction costs can vary substantially by market, site condition, landlord contribution, permitting and design requirements.

FICTIONAL SAMPLE

All amounts are invented for this sample. They are not derived from F45 or any actual fitness franchise.

ITEM 7

Estimated initial investment - part 2

Type of expenditure	Low	High	Method/payment timing
Professional fees	$8,000	$20,000	Legal, accounting and advisory
Licenses and permits	$2,500	$8,000	Government and local agencies
Insurance deposits	$4,000	$9,000	Insurers or brokers
Training travel and lodging	$4,500	$10,000	Third parties
Utility and service deposits	$2,000	$6,000	Service providers
Additional funds - 3 months	$35,000	$78,000	Payroll and operating expenses
TOTAL	$366,000	$674,000	Estimated range

The franchisor relied on fictional experience from two company-owned studios and generalized vendor estimates. The estimate does not include financing costs, owner salary, unusual site conditions or operating losses beyond the stated initial period.

SMVRT BUYER NOTE

Build a location-specific budget. Ask existing franchisees what they actually spent, which categories exceeded estimates and how long it took to reach cash-flow break-even.

ITEM 8

Restrictions on Sources of Products and Services

The franchisee must purchase or lease specified fitness equipment, flooring, signage, uniforms, branded retail products, music services, scheduling software and payment-processing services from the franchisor, an affiliate or approved suppliers.

PeakForm Technology, LLC, a fictional affiliate, is the required provider of the member application and workout-programming platform. The affiliate charges the technology fee disclosed in Item 6. The franchisor may receive rebates or other consideration from approved suppliers, and any required disclosure of that revenue would appear here.

The franchisor may approve alternative suppliers after reviewing product quality, capacity, insurance, data security, brand compatibility and service standards. The franchisee pays the reasonable cost of evaluation. Approval may be withdrawn if standards are no longer met.

Required purchases are estimated to represent approximately 55% to 70% of the franchisee's initial establishment costs and 12% to 20% of ongoing operating purchases, excluding rent and payroll.

SMVRT BUYER NOTE

Ask whether supplier prices are competitively tested, whether rebates benefit the system, how shortages are handled and whether affiliate pricing can change without a cap.

Franchisee obligations and financing

ITEM 9 - FRANCHISEE'S OBLIGATIONS

Obligation	FDD item	Agreement section
Site selection and lease	Items 7 and 11	Sections 4 and 5
Fees and reporting	Items 5, 6 and 7	Sections 7 and 8
Training and staffing	Item 11	Sections 6 and 10
Operating standards	Items 8, 11 and 16	Sections 9 and 12
Insurance and indemnity	Items 6 and 8	Sections 14 and 15
Transfer, renewal and termination	Item 17	Sections 17 through 20

ITEM 10 - FINANCING

The franchisor does not offer direct financing in this fictional sample. It may introduce franchisees to unaffiliated lenders but does not guarantee approval or loan terms. The franchisor receives no payment for a referral.

SMVRT BUYER NOTE

A lender's approval does not validate the franchise economics. Compare loan payments and collateral requirements with the full Item 7 budget and realistic operating scenarios.

ITEM 11

Franchisor assistance, advertising, systems and training

BEFORE OPENING

- Review the proposed site and provide written acceptance or rejection.
- Provide prototype plans and brand specifications; the franchisee retains its own architect and contractors.
- Provide an initial training program for the operating principal and one manager.
- Give access to approved suppliers, launch materials and the operations portal.
- Provide a pre-opening checklist and one opening-support representative for up to three days.

DURING OPERATION

- Maintain the brand standards, operating manual and required technology platform.
- Provide periodic field support, system communications and optional educational programs.
- Administer the brand fund in its business judgment; contributions are not required to benefit each market proportionately.
- Develop or approve programs, products and services offered by the system.

SMVRT BUYER NOTE

Words like 'support,' 'guidance' and 'assistance' may not create measurable outcomes. Identify what is mandatory, discretionary, remote, on-site, included or separately charged.

ITEM 11

Training, technology and advertising details

Training subject	Approximate hours	Method
Brand and operating model	6	Virtual and classroom
Sales and presale	8	Virtual workshops
Workout delivery and safety	18	In-person practical
Technology and reporting	6	Virtual and hands-on
Staffing and member experience	8	Classroom and role-play
Local marketing	6	Workshop

The franchisor may require replacement or refresher training when ownership, management, systems or standards change. The franchisee generally pays travel, wages and living expenses.

The brand fund may be used for creative development, digital platforms, agency costs, public relations, research, administration and system-level campaigns. The franchisor may spend more or less than collected in a particular year and may carry funds forward.

The operating manual is confidential and may be updated. Changes may require additional equipment, technology, training or remodeling, subject to the fictional agreement.

SMVRT BUYER NOTE
Request examples of recent system changes and the costs franchisees incurred. Ask how brand-fund decisions are communicated and whether financial reporting is provided.

ITEM 12

Territory

The franchisor grants a protected territory described by a map attached to the franchise agreement. During the term, the franchisor will not establish another traditional PeakForm studio inside that territory, provided the franchisee remains in compliance.

The protection does not prevent the franchisor or its affiliates from:

- selling memberships, programs or merchandise through websites or mobile applications;
- serving national or corporate accounts;
- operating in airports, hotels, colleges, hospitals, military facilities or other nontraditional venues;
- acquiring or operating a competing business under another brand; or
- advertising across territorial boundaries.

The franchisee may not relocate without approval. Continuation of territorial protection is not conditioned on achieving a specific sales quota in this fictional sample, but renewal may require acceptance of the then-current territory policy.

SMVRT BUYER NOTE

Translate the territory into a map and a channel matrix. Ask what happens when digital sales, corporate accounts or another brand serve customers inside the area.

Trademarks and proprietary information

ITEM 13 - TRADEMARKS

The franchisor licenses the fictional PEAKFORM FITNESS name, logo and related marks. The franchisee receives no ownership interest and may use the marks only as authorized during the agreement term. The franchisor may require changes to branding if a mark is challenged or the system adopts a new identity.

The franchisor must be notified promptly of suspected infringement. It controls enforcement and settlement decisions. The franchisee may be required to discontinue a challenged mark without compensation for all resulting costs, except as expressly stated in the agreement.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Workout programming, training materials, the operating manual, software interfaces, member communications and confidential system methods are owned or licensed by the franchisor or an affiliate. The franchisee must protect credentials and confidential information and ensure employees and contractors sign required agreements.

SMVRT BUYER NOTE

Determine who bears the cost of rebranding, system migration or infringement claims. Review data ownership and post-termination access to member information.

Participation in the business and restrictions on sales

ITEM 15 - OBLIGATION TO PARTICIPATE

The franchisee must designate an approved operating principal who owns at least 20% of the franchisee entity, completes training and devotes substantial time and attention to the business. The studio must employ a trained manager whenever the operating principal is not present.

Owners need not personally teach classes, but the franchisee is responsible for ensuring that coaches satisfy certification, training and background requirements. The franchisor may require replacement of a manager who fails to meet system standards.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The studio may offer only approved fitness services, memberships, products and programs. It may not add unrelated classes, supplements, therapy services or third-party promotions without written approval. Sales must occur from approved channels and comply with the pricing, promotion and membership policies permitted by applicable law.

SMVRT BUYER NOTE

Confirm whether restrictions prevent locally valuable services or partnerships. Ask how quickly the system evaluates new products and whether approval can be revoked.

ITEM 17

Renewal, termination, transfer and dispute resolution - summary

Provision	Fictional summary
Term	10 years from opening date
Renewal	One additional 10-year term if conditions are satisfied
Renewal conditions	No default; remodel; training; release; then-current agreement; renewal fee
Termination by franchisee	Limited contractual rights; may depend on franchisor breach and cure
Termination by franchisor	Immediate or after cure depending on the default
Transfer	Consent, buyer approval, cure, fee, training and then-current agreement
Dispute forum	State or federal courts located in Denver, Colorado
Governing law	Colorado law, subject to nonwaivable state law

This table is only a navigation aid. The franchise agreement controls. State addenda may modify governing law, releases, termination, noncompetition or other provisions.

SMVRT BUYER NOTE
Do not evaluate renewal as automatic continuation. Estimate the remodel, fee, release and new-contract consequences of exercising the option.

ITEM 17

Default, exit and post-termination consequences

The fictional agreement permits immediate termination for specified events such as abandonment, insolvency, repeated health or safety violations, unauthorized transfer, criminal conduct affecting the brand or misuse of confidential information. Other defaults receive a stated cure period.

After termination or expiration, the franchisee must stop using the marks and systems, pay outstanding amounts, return confidential materials, transfer designated telephone numbers and digital assets, de-identify the premises and comply with enforceable post-term restrictions.

The franchisor has a right of first refusal on certain proposed transfers. A buyer must meet financial and operational qualifications and sign the then-current form of agreement, which may contain materially different terms.

The fictional agreement includes indemnification, limitations of liability, waiver provisions and a personal guarantee. These clauses may allocate risk beyond the business entity.

FICTIONAL SAMPLE
The enforceability of restrictive covenants, releases, dispute provisions and other terms varies by jurisdiction. This fictional summary is not legal advice.

SMVRT BUYER NOTE
Model the worst-case exit: lease exposure, debt, guarantees, de-identification, equipment value, customer data and any restriction on future work.

ITEMS 18 AND 19

Public figures and financial performance representations

ITEM 18 - PUBLIC FIGURES

No public figure is involved in the management or promotion of this fictional franchise offering.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The following fictional representation summarizes gross sales for two company-owned PeakForm studios that operated for the full 2025 calendar year. It does not state or predict profit. The studios were located in mature metropolitan markets and may not be representative of a new franchised location.

Fictional studio	2025 gross sales	Member count at year end	Years operating
Summit Studio	$1,084,000	612	3.2
River Studio	$892,000	527	2.7
Average	$988,000	570	3.0

Gross sales were calculated before royalties, marketing contributions, rent, payroll, debt service, taxes and owner compensation. Written substantiation for this fictional example would identify the underlying records and methodology.

SMVRT BUYER NOTE

Revenue is not profit. Rebuild the economics using Item 6 fees, Item 7 costs, local rent and labor, financing, ramp-up time and owner compensation.

ITEM 19

How to test a financial performance representation

A prospective buyer should ask:

• Which outlets were included, excluded or treated as outliers?

• Are the outlets franchised, company-owned or both?

• How old were the outlets and what markets did they serve?

• Are figures gross revenue, operating profit, cash flow or owner income?

• Which expenses are excluded and how were shared costs allocated?

• How many outlets actually achieved the stated result?

• Does the franchisor possess written substantiation, and may the buyer review it?

• How do current franchisees describe ramp-up time and recurring costs?

A salesperson should not provide an earnings claim outside Item 19 unless it is permitted and supported in accordance with applicable requirements. Preserve written communications and compare every claim with the FDD.

> **SMVRT BUYER NOTE**
> Use Item 19 to build questions, not a forecast. Your site, lease, financing, management and local market can produce materially different results.

ITEM 20

Outlets and franchisee information - system movement

The fictional tables below illustrate the types of outlet movement a buyer may analyze.

Status	2023	2024	2025
Franchised outlets at year end	0	3	9
Company-owned outlets at year end	2	2	2
Franchised outlets opened	0	3	7
Franchised outlets ceased operation	0	0	1
Transfers to new owners	0	0	1

PeakForm projects six franchised openings during the next fiscal year. Projections are plans rather than guarantees and depend on site approval, financing, construction and franchisee execution.

SMVRT BUYER NOTE
Look beyond net growth. Closures, transfers, terminations, reacquisitions and delayed openings can reveal issues that a single outlet count conceals.

ITEM 20

How to use current and former franchisee contacts

A real FDD supplies contact information for current franchisees and certain former franchisees. Use it. Speak with a varied group rather than relying only on references supplied by the sales team.

Questions for current franchisees

- What did the location cost to open, and which Item 7 estimates were low?
- How long did presale, opening and break-even take?
- What support is most and least valuable?
- Which system changes created unexpected cost?
- How accurate were the sales process and Item 19 expectations?

Questions for former franchisees

- Why did the relationship end or transfer?
- What obligations or costs arose during exit?
- What would you investigate differently?

SMVRT BUYER NOTE
Document patterns, not isolated opinions. Compare responses by market, outlet age, ownership involvement and financing structure.

ITEM 21

Financial Statements

A real FDD includes financial statements prepared under applicable requirements. This fictional sample does not provide statements that could be mistaken for actual audited financial information.

The buyer and accountant should evaluate:

- cash and working capital available to support franchise operations;
- revenue sources, including initial fees and affiliate transactions;
- profitability, operating cash flow, debt and contingent liabilities;
- concentrations of revenue or dependence on continued franchise sales;
- related-party balances and payments; and
- whether the entity responsible for contractual support has the financial resources to perform.

Early-stage systems may have limited history. Rapid growth can also require substantial staffing, systems and capital. Financial statements should be considered with Item 1's entity structure, Item 11's support commitments and Item 20's development plans.

SMVRT BUYER NOTE

Ask your accountant to assess the franchisor, not only the unit economics. A promising local model does not eliminate counterparty risk.

ITEM 22

Contracts

The fictional franchisee may be required to sign the following documents:

Exhibit	Document	Why it matters
A	Franchise Agreement	Core rights, fees, standards, defaults, remedies and term
B	Personal Guarantee	Creates direct liability for owners and possibly spouses
C	Technology Services Agreement	Data, systems, fees, availability and termination
D	Site Approval Addendum	Site conditions, deadlines and approval limitations
E	State Addenda	Modify documents to address applicable state requirements
F	Electronic Funds Authorization	Permits recurring withdrawals
G	Receipt	Records delivery of the FDD

Documents should be reconciled line by line with the FDD. Defined terms, fee formulas, discretion, deadlines and remedies may be distributed across several agreements.

SMVRT BUYER NOTE

A disclosure summary does not override the contract. Track each business concern to the exact language you will be asked to sign.

ITEM 23

Receipts

The receipt records the date the prospective franchisee received the FDD and identifies the franchise sellers involved. A real FDD generally includes duplicate receipt pages and instructions for returning one signed copy.

Fictional receipt field	Sample entry
Franchisor	PeakForm Fitness Franchising, LLC
FDD issuance date	April 1, 2026
Date received	________________
Prospective franchisee	________________
Signature	________________
Franchise seller	________________

Keep the exact FDD version and all attachments you received. Preserve the delivery email or portal record. Material unilateral changes to the franchise agreement can affect applicable review timing.

FICTIONAL SAMPLE
Do not sign or use this fictional receipt. It documents no legal delivery and relates to no franchise offering.

SMVRT BUYER NOTE
Create a transaction file containing the FDD, agreements, amendments, sales communications, financial claims, diligence notes and professional advice.

EXHIBIT A

Representative franchise agreement language

These original excerpts show how operative contract language may be more detailed than an FDD summary.

SYSTEM STANDARDS

Franchisee shall operate the Studio in accordance with the System Standards communicated in the Manual or otherwise in writing. Franchisor may modify the System Standards to protect the Marks, respond to legal or market developments, implement technology and maintain a consistent member experience. Franchisee shall implement a required change within the reasonable period specified by Franchisor, subject to any express limitation in this Agreement.

TERRITORY

During the Term, and while Franchisee is in material compliance, Franchisor will not authorize another traditional PeakForm Fitness studio whose physical premises are located within the Protected Area. This restriction does not limit the Reserved Channels described in this Agreement.

DEFAULT

Franchisor may terminate this Agreement after written notice and expiration of the applicable cure period if Franchisee fails to pay amounts when due, maintain required insurance, comply with material System Standards or cure another default. Certain events identified in this Agreement permit termination without a cure period to the extent permitted by applicable law.

SMVRT BUYER NOTE

This is representative fictional language, not a recommended clause. Review defined terms and all exceptions; one sentence rarely contains the complete rule.

EXHIBIT B

Representative guarantee and technology terms

PERSONAL GUARANTEE

Each Guarantor unconditionally guarantees the full and timely performance of Franchisee's monetary and nonmonetary obligations under the Franchise Documents. The obligations of each Guarantor are continuing and may be enforced without first pursuing Franchisee or collateral, subject to applicable law.

TECHNOLOGY SERVICES

Franchisee must use the designated technology platform and maintain compatible equipment and connectivity. The provider may update functionality, security requirements and technical specifications. Service fees may be adjusted on prior written notice to reflect changes in functionality, licensing, hosting, security and support costs.

DATA

Franchisee shall collect and use member information in compliance with applicable law and System Standards. The parties' rights to access, use, transfer and retain data are governed by the Technology Services Agreement and privacy requirements. Following termination, Franchisee's access may be limited, but legal retention duties remain.

> **SMVRT BUYER NOTE**
> Guarantees can defeat the liability shield buyers expect from an LLC. Technology terms can control core operations, customer data and continuing costs.

SMVRT REVIEW METHOD

Cross-document issue map

Issue	FDD disclosure	Contract language	Buyer question
Fees	Items 5-7	Definitions; payment; audit	What can increase and what applies during losses?
Suppliers	Item 8	Standards; approved sources	Who profits and what alternatives exist?
Support	Item 11	Franchisor duties; disclaimers	Which services are guaranteed versus discretionary?
Territory	Item 12	Protected area; reserved channels	Who else can serve customers in the area?
Earnings	Item 19	No-reliance and integration clauses	Which claims are documented and substantiated?
Exit	Item 17	Default; transfer; post-term duties	What is the cost of a failed or sold location?
Liability	Items 6, 9, 17 and 22	Indemnity; guarantee; insurance	Which risks reach owners personally?

A strong review does not summarize pages in isolation. It identifies the buyer's decision, finds every related provision, tests inconsistencies and turns the result into questions, negotiation points and practical risk choices.

SMVRT LEGAL

Review information: https://www.smvrtlegal.com/fdd-review/texas

BUYER WORKSHEET

Before you sign or pay

Complete this worksheet using the actual, current FDD and complete agreement package for the opportunity you are evaluating.

- ■ I received the current FDD and all exhibits on: ____________________
- ■ The total location-specific opening budget is: ____________________
- ■ Fees that may increase include: ____________________
- ■ Required affiliate or approved-supplier purchases include: ____________________
- ■ Territory exclusions and reserved channels include: ____________________
- ■ Item 19 does / does not include a financial performance representation.
- ■ I spoke with ____ current and ____ former franchisees.
- ■ Personal guarantees or spouse obligations include: ____________________
- ■ The principal default and exit risks are: ____________________
- ■ My unresolved questions are: ____________________

THE SAMPLE SHOWS THE STRUCTURE. YOUR FDD CONTAINS THE DECISION.

Have the actual disclosure package reviewed.

SMVRT Legal connects the 23 items, franchise agreement, guarantees and state addenda into a practical attorney-led review for prospective Texas franchisees.

General educational information only; not legal, financial or investment advice. The FTC Franchise Rule and state requirements may change, and individual circumstances differ. Consult qualified professionals before making a franchise investment.