

FRANCHISE DISCLOSURE DOCUMENT



KAMPGROUNDS OF AMERICA, INC.
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The franchisee will operate a recreational vehicle park and campground business that offers camping facilities and services to the camping public.

The investment necessary to purchase an existing KOA franchise ranges from \$225,950 to \$4,462,925, which includes the initial franchise fee of \$7,500 that the franchisee must pay to the franchisor.

The investment necessary to convert an independent campground to a KOA campground ranges from \$26,750 to \$482,050, which includes the initial franchise fee of \$11,250 that the franchisee must pay to the franchisor.

The cost to construct a new KOA campground will range from \$1,474,100 to \$4,091,900, which includes the initial franchise fee of \$30,000 that the franchisee must pay to the franchisor.

This Franchise Disclosure Document summarizes provisions of your Franchise Agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar days before you sign a binding agreement with us, or make any payment to us in connection with the proposed sale or grant of a franchise.

Note, however, that no government agency has verified the information contained in this document.

You may wish to receive your Franchise Disclosure Document in another format more convenient for you. To discuss the availability of different formats, contact the System Development Department at Transwestern III Building, Fourth Floor, 550 North 31st Street, Billings, Montana 59101, 1-800-548-7239.

The terms of the franchise agreement will govern your franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your franchise agreement. Read the entire agreement carefully. Show it and this Franchise Disclosure Document to an advisor, such as a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Franchise Disclosure Document can help you make up your mind. Further, the Federal Trade Commission can provide information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document. You can contact the Federal Trade Commission at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the Federal Trade Commission's home page at www.ftc.gov for additional information, or call your state agency or visit your public library for information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date: April 30, 2019

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 FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER EXPIRATION OF THE INITIAL TERM. 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 LITIGATION ONLY IN MONTANA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MONTANA THAN IN YOUR OWN STATE.
2. MONTANA LAW GOVERNS THE FRANCHISE AGREEMENT, AND MONTANA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. 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 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: See Exhibit I for state effective dates.

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Michigan

NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

1. **The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**
2. Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:
 - a. A prohibition of the right of a franchisee to join an association of franchisees.
 - b. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in Michigan Compiled Laws Section 445.1527. This does not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
 - c. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause includes the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
 - d. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
 - e. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. On the other hand, Michigan law does not require a renewal provision.
 - f. A provision requiring that arbitration or litigation be conducted outside of this state; however, the franchisee is not prohibited from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside of Michigan.
 - g. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. A franchisor is not prohibited, however, from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (1) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (2) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
 - h. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. A provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets is not prohibited. Nor is a provision prohibited that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets, if the franchisee has breached the lawful provisions of the franchise agreement and failed to cure in the manner identified in subparagraph c above.

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