

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 \$441,950 to \$12,676,425, which includes the initial franchise fee of \$10,000 that the franchisee must pay to the franchisor.

The investment necessary to convert an independent campground to a KOA campground ranges from \$33,750 to \$483,050, 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 \$3,803,800 to \$8,894,900, 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 Legal Department at Transwestern III Building, Fourth Floor, 550 North 31st Street, Billings, Montana 59101, 1-800-548-7104.

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.

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only KOA franchise business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a KOA franchisee?	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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