

FRANCHISE DISCLOSURE DOCUMENT

Row House Franchise, LLC
a Delaware limited liability company
17877 Von Karman Ave., Suite 100
Irvine, CA 92614
(949) 341-5585

ROW HOUSE

sales@therowhouse.com
www.therowhouse.com

Row House Franchise, LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a fitness studio (each, a “Studio”) that provides rowing and other exercise classes utilizing (a) the proprietary marks we designate, including our current primary mark ROW HOUSE (the “Proprietary Marks”), (b) a designated package of rowing ergometers and other exercise equipment our franchise offering expects and assume will be leased for use in connection with Studio operations (the “Exercise Equipment Package”), and (c) other proprietary components and information comprising the system of business operations we have developed for a Studio (our “System”).

The total investment necessary to begin operations of a single Studio franchise ranges from \$257,700 to \$400,800. This amount includes \$138,200 to \$154,650 that must be paid to the franchisor or its affiliate prior to opening.

The total investment necessary to operate multiple Studios under our form of area development agreement depends on the number of franchises we grant you the right to open, which in all cases will be three (3) or more. The total investment necessary to enter into a development agreement for the right to develop three (3) ROW HOUSE Studios is \$332,700 to \$475,800 which includes (a) a development fee of \$135,000 that is paid to us or our affiliates prior to opening, and (b) the total estimated initial investment to begin operation of your initial ROW HOUSE Studio (as described above).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments to the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 formats, contact Ramon Castillon at Row House Franchise, LLC, 17877 Von Karman Ave., Suite 100, Irvine, CA 92626, and at (949) 346-5158.

The terms of your contract will govern your franchise relationship. Don’t 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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. There may also be laws on franchising in your state. Call your state agency listed on **Exhibit B** or visit your public library for other sources of information on franchising.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: 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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on **Exhibit B** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit B**.

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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION (AT OUR OPTION) OR ARBITRATION ONLY IN THE COUNTY WHERE OUR THEN-CURRENT HEADQUARTERS ARE LOCATED (CURRENTLY IN IRVINE, CALIFORNIA). OUT OF STATE MEDIATION/ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENTS AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE WITH A LONGER OPERATIONAL HISTORY.
5. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
6. YOU MUST MEET A MINIMUM MONTHLY GROSS REVENUE QUOTA REQUIREMENT. YOUR INABILITY TO MEET THIS REQUIREMENT MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.

7. 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 make sure to do your own investigation of the franchise.

Effective Date: See the next page for

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