

FRANCHISE DISCLOSURE DOCUMENT



Rush Franchising, LLC,
a California limited liability company
5628 La Jolla Boulevard
San Diego, CA 92037
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www.therushstudio.com

Rush Franchising, LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a boutique style fitness studio that focuses on group led spin classes, identified by the trade name “THE RUSH STUDIO” and related marks.

The total estimated investment necessary to begin operations of a The Rush Studio franchise ranges from \$271,400 - \$343,500. This amount includes \$40,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a The Rush Studio franchise pursuant to a three-unit Area Development Agreement is \$315,400 - \$383,500. This includes \$84,000 that must be paid to the franchisor or its affiliate. The range of expenses and the initial investment will differ based on the location you choose, the square footage of the location and amenities, whether you are converting an existing fitness facility to a The Rush Studio, and the types of equipment, furnishings, and fixtures that you purchase.

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 Corey Spangler, Co-Owner, at Rush Franchising, LLC, 5628 La Jolla Boulevard, San Diego, CA 92037, and at (909) 238-3821

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: SEPTEMBER 30, 2015.

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 AREA DEVELOPMENT AGREEMENT CONTAIN A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT AND AREA 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 CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. THE MARKET FOR FITNESS SERVICES IS HIGHLY EVOLVED, YET CONSTANTLY CHANGING. YOU WILL FACE COMPETITION FOR MEMBERS FROM OTHER SPINNING OR CYCLING STUDIOS, GYMS, PERSONAL TRAINERS, AND EVEN OTHER THE RUSH STUDIO FRANCHISEES. ADDITIONALLY, YOU WILL FACE COMPETITION FROM COMPANIES, STUDIOS, GYMS AND PRODUCTS THAT MAY NOT BE IN EXISTENCE AT THE TIME YOU SIGN THIS AGREEMENT.
4. PRIOR TO YOU SIGNING THE FRANCHISE AGREEMENT, WE RESERVE THE RIGHT, IN OUR SOLE DISCRETION, TO AWARD, OR NOT AWARD, A THE RUSH STUDIO FRANCHISE TO YOU, REGARDLESS OF THE STAGE OF THE FRANCHISE APPLICATION/SCREENING PROCESS AND COSTS EXPENDED BY YOU.
5. THE FRANCHISE AGREEMENT PROVIDES US THE RIGHT TO TERMINATE THE FRANCHISE AGREEMENT IF YOU FAIL TO SELECT A SITE FOR THE STUDIO THAT MEETS OUR APPROVAL, WITHIN THE TIME PERIOD ALLOTTED UNDER THE FRANCHISE AGREEMENT. (FRANCHISE AGREEMENT, SECTION 1.2)

6. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE JUNE 12, 2015. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
7. WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARK. THEREFORE, OUR TRADEMARK DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.
8. 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.
9. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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