

FRANCHISE DISCLOSURE DOCUMENT

Rush Cycle

Rush Franchising, LLC
a California limited liability company
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Received
LA Mailroom

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Department of
Business Oversight

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 "Rush Cycle" and related marks.

The total estimated investment necessary to begin operations of a Rush Cycle franchise ranges from \$426,411 to \$550,386. This amount includes \$56,980 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a Rush Cycle franchise pursuant to a three-unit Area Development Agreement is \$473,689 to \$597,664. This includes \$104,258 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 Rush Cycle, 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: OCTOBER 16, 2018.

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 REQUIRE YOU TO RESOLVE DISPUTES WITH US BY, FIRST, A FACE-TO-FACE MEETING; SECOND, NON-BINDING MEDIATION; AND THIRD, BINDING ARBITRATION, IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, WHICH IS CURRENTLY SAN DIEGO COUNTY, CALIFORNIA. AN OUT-OF-STATE FACE-TO-FACE MEETING, MEDIATION AND/OR ARBITRATION MAY FORCE YOU TO ACCEPT LESS FAVORABLE SETTLEMENT DISPUTES. IT MAY ALSO COST YOU MORE TO ATTEND A FACE-TO-FACE MEETING, MEDIATE AND/OR ARBITRATE WITH US IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED THAN IN YOUR STATE. 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 RUSH CYCLE 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 RUSH CYCLE 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. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
7. IF THE FRANCHISEE FAILS TO MEET THE MINIMUM SALES QUOTA FOR THIRTY-SIX (36) CONSECUTIVE MONTHS AT ANY TIME DURING THE TERM OF THE FRANCHISE AGREEMENT, THE FRANCHISOR MAY INSTITUTE A MANDATORY CORRECTIVE TRAINING PROGRAM OR TERMINATE THE FRANCHISE AGREEMENT.
8. IF YOU ARE MARRIED, YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTEE MAKING HIM/HER JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.
9. 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 the next page for state effective dates.

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