

FRANCHISE DISCLOSURE DOCUMENT

Spenga Holdings LLC
a Delaware limited liability company
10811 W. 143rd Street, Suite 210
Orland Park, IL 60467
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<http://www.spenga.com/>



Spenga® franchises are fitness studios offering exercise equipment and machines, fitness training services, and logoed merchandise ("Spenga Studio(s)").

The total investment necessary to begin operation of a Spenga Studio ranges from \$182,050 to \$499,100. This includes \$30,000 that must be paid to the franchisor and/or its affiliates, as applicable. Please see Items 5 and 7 for additional information.

Area Development rights may be offered in certain areas and you may decide to sign an Area Development Agreement ("ADA") with us. If you sign the ADA, you must pay a non-refundable Area Development Fee equal to 100% of the Initial Franchise Fee (presently \$30,000 for the first Spenga Studio to be developed, plus 50% of the development franchise fee (the "Development Franchise Fee") which is presently \$20,000 for each additional Spenga Studio to be developed under the ADA. The Area Development Fee will start at \$50,000 and increase depending on the number of Studios you will develop, which may range from a minimum of three Studios to a maximum of ten Studios. You must also pay an additional \$10,000 (the remainder of the Development Franchise Fee, the first 50% of which was paid when the ADA was signed) when the Franchise Agreement for each additional Studio is signed by you and us.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this 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 payment to, us 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 Scott Nichols, our Senior Vice President of Franchise Development at (708) 403-3881 and by email at snichols@spenga.com or at 10811 W. 143rd Street, Suite 210, Orland Park, IL 60467.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire 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. 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 on franchising. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 28, 2016

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 DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.

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 BINDING ARBITRATION IN THE COUNTY IN WHICH THE FRANCHISOR IS LOCATED, CURRENTLY COOK COUNTY, ILLINOIS. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT ILLINOIS LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS LITTLE OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$182,050 to \$499,100.
5. THE SIZE OF YOUR PROTECTED TERRITORY IS DETERMINED AT OUR DISCRETION AND MAY DIFFER SIGNIFICANTLY AMONG FRANCHISEES.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 state effective dates.

Hinshaw & Culbertson

Spenga Q4 2015 05-24-16

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