

FRANCHISE DISCLOSURE DOCUMENT



Spenga Holdings LLC
a Delaware limited liability company
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<http://www.spenga.com/>

Franchisor currently offers qualified parties a franchise for the right to independently own and operate a fitness studio that (a) features and provides exercise equipment and machines, fitness training services, and logoed merchandise, and (b) operated utilizing certain proprietary marks (including SPENGA) and a business operations system developed and designated by Franchisor (each, a “Studio”).

The total investment necessary to begin operation of a single Studio ranges from \$355,932 to \$699,420. This includes \$49,500 that must be paid to the franchisor and/or its affiliates, as applicable. Please see Items 5 and 7 for additional information.

Franchisor also offers qualified parties the right to own and operate multiple Studios within a defined development area. The total investment necessary to begin developing multiple Studios under an area development agreement with us will vary based on the number of Studios you are granted the right to develop. The total initial investment necessary to own and operate three (3) Studios within a development area ranges from \$425,932 to \$769,420. This includes a development fee amounting to \$119,500 that is payable to us prior to opening, as well as the estimated initial investment to open your initial Studio as required by your development agreement.

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 Franchise Fastlane, at (531) 333-3278 and spengaleads@franchisefastlane.com, or at 14707 California Street, #5, Omaha, Nebraska 68154.

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 18, 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 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 NON-BINDING MEDIATION IN THE COUNTY IN WHICH THE FRANCHISOR IS LOCATED, CURRENTLY COOK COUNTY, ILLINOIS. OUT-OF-STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. CERTAIN DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN ILLINOIS. IT MAY COST YOU MORE TO LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
3. 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.
4. WE MAY REQUIRE THE FRANCHISEE AND THEIR SPOUSE TO EXECUTE A PERSONAL GUARANTEE MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT, WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNER AND THEIR SPOUSE AT RISK.
5. 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 IN A SYSTEM WITH A LONGER OPERATING HISTORY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.
7. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

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