Revised Draft Dated 04/27/17 Marked to Reflect Changes to Draft Dated 04/28/16 RANCHISE

FRANCHISE DISCLOSURE DOCUMENT

B-Bop's Franchising Corp. (an Iowa corporation) 939 Office Park Road, Suite 333 West Des Moines, Iowa 50265 (515) 221-3202



The franchisee will operate a double drive through hamburger restaurant featuring a limited menu of food and beverage items primarily for off-premises consumption.

The total investment necessary to begin operation of a B-Bop's Restaurant franchise ranges from \$1,018,000 to \$2,159,200. This includes the \$30,000 that must be paid to the Company. The range does not include the cost of purchasing or leasing real estate. The Company cannot give you an accurate estimate on those matters.

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, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

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 an 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, D.C. 20580. You can also visit the FTC's home page at <u>www.ftc.gov</u> for additional information. 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.



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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about the franchisor 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 REQUIRES THAT, EXECPT FOR CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE LICENSED MARKS OR ANY CONFIDENTIAL INFORMATION OR TRADE SECRETS OF THE FRANCHISOR, ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN YOU AND THE FRANCHISOR SHALL BE SUBMITTED TO ARBITRATION IN DES MOINES, IOWA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES, IT MAY COST YOU MORE TO ARBITRATE WITH US IN IOWA THAN IN YOUR OWN STATE AND LOCAL LAW MAY PROVIDE DIFFERENT PROTECTIONS AND BENEFITS THAN THE LAWS OF THE STATE OF IOWA. YOU MAY WANT TO COMPARE THESE LAWS.
- 2. THE FRANCHISE AGREEMENT REQUIRES THAT, EXCEPT WHERE FEDERAL LAW OR THE LAWS OF THE JURISDICTION IN WHICH THE FRANCHISE PREMISES IS LOCATED APPLY, THE FRANCHISE AGREEMENT SHALL BE SUBJECT TO AND GOVERNED BY THE LAWS OF THE STATE OF IOWA, EXCEPT THAT THE PARTIES TO THE AGREEMENT ACKNOWLEDGE AND AGREE THAT THE PROVISIONS OF CHAPTER 537A.10 OF THE IOWA CODE SHALL NOT APPLY TO ANY FRANCHISE NOT LOCATED IN THE STATE OF IOWA. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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



STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Illinois

November 4, 1994 April 28, 2017

Minnesota

June 7, 1995 April 28, 2017

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