



FRANCHISE DISCLOSURE DOCUMENT

Breadsmith Franchising, Inc.
(a Wisconsin corporation)
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The Franchise offered is for the operation of a retail and wholesale business that offers a wide assortment of premium quality hearth baked breads, hearth baked products, food products, and complementary items.

The total investment necessary to begin operation of a Breadsmith primary franchise store is \$354,250 to \$399,900 (\$351,250 - \$396,900 for veterans). This includes \$158,000 to \$161,000 (less \$3,000 if you are a veteran) that must be paid to the franchisor or affiliate. An additional investment of \$115,500 to \$183,500 is necessary if a satellite location is opened in connection with the primary store. This includes \$5,000 that must be paid to the franchisor or affiliate.

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 www.ftc.gov 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.

Issued: March 3, 2017

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, 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 PERMITS THE FRANCHISEE TO LITIGATE WITH THE FRANCHISOR ONLY IN WISCONSIN. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO LITIGATE WITH US IN WISCONSIN THAN IN YOUR HOME STATE.**
- (2) THE FRANCHISE AGREEMENT STATES THAT WISCONSIN LAW GOVERNS THE AGREEMENT, AND 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.**

State Effective Dates: The following chart lists states that require Disclosure Document to be registered or filed with the state or to be exempt from registration to offer or sell franchises within the state. In these states, the effective date of the Disclosure Document is as follows:

California	<i>In progress</i>	South Dakota	<i>In progress</i>	New York	<i>In progress</i>
Illinois	<i>In progress</i>	Washington	<i>In progress</i>	Rhode Island	Not Effective
Maryland	<i>In progress</i>	Hawaii	Not Effective	Virginia	<i>In progress</i>
Minnesota	<i>In progress</i>	Indiana	<i>In progress</i>	Wisconsin	<i>In progress</i>
North Dakota	<i>In progress</i>	Michigan	<i>In progress</i>		

In all other states, the effective date of this Disclosure Document is the issuance date of March 3, 2017.

Some states listed above require that we give you additional disclosures. The additional required disclosures for these states are as addenda to this Disclosure Document.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW ONLY

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- a. A prohibition of the rights of a franchisee to join an association of franchisees.
- b. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- c. A provision that permits a Franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- d. A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchisor or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.
- e. A provision that permits the Franchisor to refuse to renew a franchise on terms generally available other franchises of the same class or type under similar circumstances. This section does not require a renewal provision.
- f. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- g. A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but not limited to:

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