

#### FRANCHISE DISCLOSURE DOCUMENT



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www.countrykitchenrestaurants.com www.cafebyck.com

As a franchisee you will own and operate a Country Kitchen restaurant (a "Country Kitchen"), specializing in family dining, hand-made food cooked to order and related dine-in, carry-out and beverage service in an atmosphere resembling a farmhouse country kitchen.

The total investment necessary to begin operation of a Country Kitchen ranges from \$575,000 to \$1,685,000 for a standard Country Kitchen and \$425,000 to 895,000 for a limited service café style Country Kitchen, exclusive of the cost of real estate. These totals include \$40,000 that must be paid to the franchisor. The amount paid to the franchisor will increase if you also sign an Area Development Agreement because that agreement requires that in addition to payment of the \$40,000 initial franchise fee for the first Country Kitchen you also are required to pay us a deposit of \$20,000 for each additional Country Kitchen to be opened under the Area 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 us, or make any payment to us 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 with us. Don't rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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 "<u>A Consumer's Guide to Buying a Franchise</u>" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). 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 <a href="www.ftc.gov">www.ftc.gov</a> 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.

**DECEMBER 16, 2019** 



### **How to Use This Franchise Disclosure Document**

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

### **QUESTION**

## WHERE TO FIND INFORMATION

How much can I earn?

Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.

invest?

How much will I need to Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.

support to my business?

**Does the franchisor have the** Item 21 or Exhibit J includes financial statements. **financial ability to provide** Review these statements carefully.

Is the franchise system stable, growing, or shrinking?

Item 20 summarizes the recent history of the number of company-owned and franchised outlets.

Will my business be the only my area?

Item 12 and the "territory" provisions in the franchise Country Kitchen business in agreement describe whether the franchisor and other franchisees can compete with you.

Does the franchisor have a troubled legal history?

Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.

What's it like to be a Country Kitchen franchisee?

Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.

What else should I know?

These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand franchise opportunity. See the table of contents.



# What You Need To Know About Franchising Generally

<u>Continuing responsibility to pay fees.</u> You may have to pay royalties and other fees even if you are losing money.

<u>Business model can change.</u> The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

<u>Supplier restrictions.</u> You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

<u>Operating restrictions.</u> The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

<u>Competition from franchisor.</u> Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

# **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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