

FRANCHISE DISCLOSURE DOCUMENT



Department of
Business Oversight

CREAM, Inc.
A California Corporation
1799 El Camino Real
Millbrae, California 94030
(650) 754-6640
www.creamnation.com

The franchisee will operate a single CREAM custom frozen dessert, cookie, and ice cream sandwich shop (a “CREAM Business”) in accordance with Franchisor’s then-current form of franchise agreement (“Franchise Agreement”). The estimated initial investment required for the establishment of a CREAM Business ranges from \$253,700 to \$384,600, which includes \$30,000 that must be paid to franchisor or its affiliates prior to opening.

We also offer qualified parties the right to open and operate multiple CREAM Businesses in accordance with a development schedule the parties agree to under Franchisor’s form of development agreement (“Development Agreement”). The total investment necessary to begin operations under a Development Agreement will depend on the number of CREAM Businesses we grant you the right to open. By way of example, the total investment necessary to begin operations under a Development Agreement for the right to open and operate three (3) CREAM Businesses is \$343,700 to \$474,600, which includes \$90,000 that must be paid to the franchisor or its affiliates. This estimate includes the appropriate development fee you must pay to franchisor upon execution of the Development Agreement, as well as the total estimated initial investment to open and commence operations of your first CREAM Business.

This disclosure document summarizes certain provisions of your franchise agreement, development 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.**

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 our corporate office at CREAM, Inc. at 1799 El Camino Real, Millbrae, California 94030 and (650) 754-6640.

The terms of your Franchise Agreement and Development Agreement will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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.

The Issue Date of this Disclosure Document (“FDD”) is: April 11, 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 F to this Disclosure Document 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. AT OUR OPTION, THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY NON-BINDING MEDIATION ONLY IN SAN MATEO COUNTY, CALIFORNIA. ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION OR ARBITRATION MUST BE RESOLVED BY LITIGATION IN SAN MATEO COUNTY, CALIFORNIA. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT THEY ARE GOVERNED BY CALIFORNIA LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH SHAREHOLDER/PARTNER/MEMBER/MANAGER OF FRANCHISEE AND THEIR RESPECTIVE SPOUSES MUST EXECUTE A PERSONAL GUARANTY. THIS PLACES THE PERSONAL ASSETS OF EACH INDIVIDUAL AND THEIR SPOUSE AT RISK.

4. BECAUSE OF OUR RIGHT TO OPERATE BUSINESSES IN NON-TRADITIONAL SITES, YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY OR EXCLUSIVE DEVELOPMENT AREA.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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