

FRANCHISE DISCLOSURE DOCUMENT



ENZA FRUIT Products Inc., a
Delaware corporation
1 Fifth Street, Suite 260
Wenatchee, Washington 98801
Telephone: (509) 888-3197

The franchise gives franchisees the right to grow and harvest new New Zealand pipfruit varieties and grade, brand, package, store and distribute those varieties within the restrictions set out in the Franchise Agreement. The franchise is offered by ENZA FRUIT Products Inc. (“Franchisor” or “EPI”), as part of EPI’s northern hemisphere program (“NHP”).

The total investment necessary to begin operation of a NHP franchise (subject to the assumptions described in Item 7 beginning on page 8 of this disclosure document) may range from approximately \$38,000 to approximately \$42,000 per acre or part thereof planted with trees subject to the Franchise. This includes the initial franchise fee of up to \$2,000 per acre or part thereof planted with trees subject to the franchise that must be paid to the Franchisor.

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 government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Do not rely on this 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 (1-877-382-4357) 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.

Effective Date in Washington: March 31, 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 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 YOU TO RESOLVE DISPUTES WITH EPI BY LITIGATION IN KING COUNTY, WASHINGTON. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE EPI IN WASHINGTON THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON 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. BECAUSE PLANT VARIETAL RIGHTS DO NOT PROVIDE ABSOLUTE PROTECTION AGAINST COPYING OR THE DEVELOPMENT OF SUBSTANTIALLY IDENTICAL FRUIT, EPI CANNOT AND DOES NOT GUARANTEE THE UNIQUENESS OF ANY OF THE VARIETIES GROWN UNDER THE NHP, EITHER PRESENTLY OR AT ANY FUTURE TIME.
4. WHERE EPI IS A LICENSEE OF THE OWNER OF A VARIETY, THE LICENSE GRANTED TO FRANCHISEE PURSUANT TO THE FRANCHISE AGREEMENT IS SUBJECT TO THE OVERRIDING RIGHTS OF THE OWNER OF THE VARIETY.
5. THE FRANCHISOR MAY TERMINATE THE FRANCHISEE'S RIGHTS WITH RESPECT TO ONE OR MORE LICENSED VARIETIES OF PIPFRUIT IN THE EVENT THE VARIETY DOES NOT, IN THE FRANCHISOR'S SOLE DISCRETION, PROVE TO BE COMMERCIALY VIABLE.

6. AT TERMINATION OF THE FRANCHISE AGREEMENT, THE FRANCHISOR MAY DEMAND THAT ALL TREES PLANTED DURING PHASE TWO BE DESTROYED, REMOVED OR OVERGRAFTED IN SUCH A WAY THAT IN NO EVENT CAN THE VARIETY(IES) BEING TERMINATED BE PRODUCED FROM SUCH TREES. UNDER CERTAIN CIRCUMSTANCES, THE COST OF DESTROYING, REMOVING OR OVERGRAFTING SUCH TREES AS REQUIRED BY TERMINATION, WILL BE BORNE SOLELY BY THE FRANCHISEE.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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