

FRANCHISE DISCLOSURE DOCUMENT



FAMIGLIA-DEBARTOLO FRANCHISE SYSTEMS, LLC A Delaware Limited Liability Company 245 Main Street, Suite 620 White Plains, NY 10601 1-914-328-4444 info@famousfamiglia.com www.famousfamiglia.com

We offer franchises for the operation of quick service restaurants serving pizzas, pasta dishes and other Italian food items under the name FAMOUS FAMIGLIA (the "Famous Famiglia Franchise" or "Famous Famiglia Restaurant"). We offer two size categories for these franchises: (1) the standard restaurant, typically 700 to 2,000 square feet (the "Standard Unit") and (2) a smaller unit, typically 200 to 600 square feet, offering a more limited menu (the "Express Unit"). We also offer a multi-unit agreement under which you agree to open and operate a specified number of Famous Famiglia Restaurants over an agreed period of time within an agreed geographic area.

- The total investment necessary to begin operation of a single Standard Unit Famous Famiglia Franchise is \$265,750 to \$530,800. This includes a \$35,000 initial fee that must be paid to the franchisor.
- The total investment necessary to begin operation of a single Express Unit Famous Famiglia Franchise is \$100,750 to \$234,800. This includes a \$10,000 initial fee that must be paid to the franchisor.
- If you sign a Multi-Unit Agreement, you will pay a non-refundable Development Fee equal to one-half of the total initial fees you must pay for the total number of Famous Famiglia Restaurants you agree to open. The initial fees for multiple restaurants are discounted as follows: The initial fee for the second through the fifth units is \$25,000 for each franchise. For the sixth and any subsequent Famous Famiglia franchise you purchase, we charge an initial fee of \$10,000 for each franchise. The Development Fee is credited against one-half of the initial franchise fee for each Famous Famiglia Restaurant you open.

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.

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 Giorgio Kolaj at Famiglia DeBartolo Franchise Systems LLC, 245 Main Street, Suite 620, White Plains, New York 10601, telephone 914-328-4444.

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

Version 4/4/2016



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.

Issuance date: April 4, 2016



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 STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT. NEW YORK LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN NEW YORK. 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 DEFEND A LAWSUIT IN NEW YORK THAN IN YOUR HOME STATE.
- 3. THE FRANCHISOR MAY REQUIRE SPOUSES OF FRANCHISE OWNERS TO SIGN A PERSONAL GUARANTY TOGETHER WITH THE FRANCHISE OWNERS, MAKING EACH OF THEM LIABLE FOR THE FRANCHISEE'S OBLIGATIONS WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNERS AND THEIR SPOUSES AT RISK.
- 4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRAN-CHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
- 5. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT YOUR RIGHTS AND MAY NOT BE ENFORCE-ABLE IN YOUR STATE, INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST US, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.
 - 6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more **FRANCHISE BROKERS** or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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

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