

FRANCHISE DISCLOSURE DOCUMENT



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 A North Carolina limited liability company
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 BUSINESS OVERSIGHT
 SAN FRANCISCO

The franchise offered is for a full service restaurant operating under the name "FAMOUS TOASTERY" and offering breakfast and lunch menus as well as beer, wine and cocktails for dine-in or take-out, and operates using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos

The total investment necessary to begin operation of a FAMOUS TOASTERY Restaurant franchise is \$412,000 to \$778,000 This includes \$57,500 that must be paid to the franchisor and/or its affiliate

If you enter into a Multi-Unit Operator Agreement to develop at least three Restaurants, when you sign the Multi-Unit Operator Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus 50% of the initial franchise fee for each additional Restaurant to be developed under the Multi-Unit Operator Agreement The total investment under a Multi-Unit Operator Agreement will vary depending on the number of Restaurants to be developed The total investment necessary to begin operation as a Multi-Unit Operator with the development rights of five Famous Toastery franchises is \$484,000 to \$850,500 This includes \$105,000 that must be paid to the franchisor and/or its 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 the 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.**

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 Robert Maynard at 445 South Main Street, 4th Floor , Davidson, North Carolina 28036, and (980) 224-7901

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 contracts 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, DC 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

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Famous Toastery/UFDD 04
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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 I 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 AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN NORTH CAROLINA. OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN NORTH CAROLINA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT NORTH CAROLINA 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 IF YOU DEFAULT ON AN OBLIGATION WITH US, WE HAVE THE RIGHT TO TERMINATE ALL YOUR OTHER AGREEMENTS WITH US. ANY SINGLE DEFAULT CAN RESULT IN THE LOSS OF YOUR RESTAURANTS.
- 4 WE DO NOT HAVE CERTAIN TRADEMARKS FOR FAMOUS TOASTERY (INCLUDING THE LOGO ON THE COVER PAGE), ON THE PRINCIPAL REGISTER OF THE U.S. PATENT AND TRADEMARK OFFICE. THEREFORE, THIS TRADEMARK DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THIS TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSE.
- 5 IF YOU SIGN A MULTI-UNIT OPERATOR AGREEMENT AND FAIL TO OPEN RESTAURANTS BY THE DATES AGREED UPON IN THE MINIMUM PERFORMANCE SCHEDULE, WE MAY TERMINATE YOUR MULTI-UNIT OPERATOR AGREEMENT.
- 6 SPOUSE(S) AND FAMILY MEMBERS OF THE FRANCHISEE AND THE FRANCHISE OWNER(S), ARE REQUIRED TO SIGN A GUARANTY AND ASSUMPTION OF OBLIGATIONS, MAKING THEM JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S), SPOUSE(S) AND FAMILY MEMBERS AT RISK.
- 7 THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE FEBRUARY 19, 2013. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
- 8 AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2014, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF (\$148,287).
- 9 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$402,000 TO \$840,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2014, WHICH IS (\$274,604).
- 10 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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.

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	Effective _____, 2015
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	Effective _____, 2015
North Dakota	
Rhode Island	
South Dakota	
Virginia	Effective _____, 2015
Washington	
Wisconsin	

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