

FRANCHISE DISCLOSURE DOCUMENT

FarmerBoys[®]

BREAKFAST, BURGERS & MORE

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Department of
Business Oversight**FARMER BOYS FOOD, INC.**

A California corporation
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The franchisee will operate a fast casual restaurant. The total investment necessary to begin operation of a Farmer Boys Food franchise is between \$1,038,500 and \$2,214,500. This includes \$45,000 that must be paid to the franchisor or 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 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.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document only 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-FTCHELPHelp 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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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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR ARBITRATION IN CALIFORNIA. OUT-OF-STATE ARBITRATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. ALL THE OWNERS OF THE FRANCHISE AND THEIR SPOUSES WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: _____

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EXHIBITS:

- A. State Agencies/Administrators
- B. Agents for Service of Process
- C. Franchise Agreement
- C-1 SBA Addendum to Franchise Agreement
- D. Area Development Agreement
- E. Sublease
- F. Lease
- G. Asset Purchase Agreements
- H. Operations Manual Table of Contents
- I. List of Franchisees
- J. List of Corp. and Affiliates' Restaurants
- K. List of Former Franchisees
- L. Financial Statements
- M. Closing Questionnaire
- N. State Specific Addenda
- O. Receipts

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