

FRANCHISE DISCLOSURE DOCUMENT

FLOWERAMA OF AMERICA, INC.
An Iowa Corporation
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FLOWERAMA



The franchise offered is for the retail sale of fresh cut flowers, floral arrangements, green plants, blooming plants, artificial flowers and plants, a full line of floral and plant accessories and gifts, and fresh fruit products, including fresh cut fruit bouquets and related products (collectively the fresh fruit products, fresh cut fruit bouquets and related products are referred to as "fruit bouquets"). The franchises offered by this disclosure document include a start-up Flowerama Center (as defined below) that is co-branded with the 1-800-Flowers brand, and a Fruit Bouquets Program.

The total investment necessary to begin operation of a start-up co-branded Flowerama Center is from \$227,000 to \$594,000 when the real estate is leased and from \$502,000 to \$1,095,000 when the real estate is purchased. This includes \$18,500 to \$36,500 that must be paid to the franchisor or its affiliate. The total investment necessary for an existing Flowerama franchise to co-brand with 1-800-Flowers is from \$24,000 to \$127,250. This includes \$1,000 to \$1,500 that must be paid to the franchisor or its affiliate. If you choose to purchase the Fruit Bouquets Program, the total investment necessary to begin operation of this program is from \$18,500 to \$53,500. This includes \$0 to \$7,500 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 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.**

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 Senior Vice President – Franchising Vincent J. McVeigh, One Old Country Road, Fifth Floor, Carle Place, New York 11514 and (516) 237-6000.

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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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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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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on <u>Exhibit C</u> 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 LITIGATION ONLY IN THE STATE OF NEW YORK. LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THE FRANCHISEE'S SPOUSE MAY IN SOME CIRCUMSTANCES BE REQUIRED TO SIGN A PERSONAL GUARANTEE MAKING THE SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT WHICH ALSO PLACES THE SPOUSE'S PERSONAL AND MARITAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
 - 4. 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.

See the Next Page for State Effective Dates

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