



FRANCHISE DISCLOSURE DOCUMENT

H&S Distribution, LLC
dba H&S
A Maryland Limited Liability Company
601 S. Caroline Street
Baltimore, Maryland 21231
410/276-7254
Website: <http://hsbakery.com>
Email: franchiseinfo@hsbakery.com

The Franchisee (“Distributor”) is purchasing an assigned sales route to distribute bakery products that must be purchased from an affiliate of the franchisor.

The total initial investment necessary to begin operation of the H&S Bakery Distribution franchised business ranges from \$57,863 to \$212,589. This includes \$52,813 to \$135,439 that must be paid to the Franchisor and its affiliates.

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 Maurice Graham, H&S Distribution, LLC, at 601 S. Caroline Street, Baltimore, Maryland 21231, phone: 410/522-9225 ext. 3423.

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 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 (“FTC”). You can contact the FTC at 1-888-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.

The Issuance Date of this Franchise Disclosure Document is January 31, 2018.

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 DISTRIBUTION AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN BALTIMORE, MARYLAND. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATION WITH US IN MARYLAND THAN IN YOUR OWN STATE.
2. THE DISTRIBUTION AGREEMENT STATES THAT MARYLAND 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. YOU MUST PURCHASE ALL OF THE INVENTORY, WHICH THE FRANCHISOR DETERMINES YOU WILL SELL, FROM THE FRANCHISOR OR ITS AFFILIATES, AT PRICES THE FRANCHISOR OR THEY SET. THESE PRICES MAY BE HIGHER THAN PRICES YOU COULD OBTAIN ELSEWHERE FOR THE SAME OR SIMILAR GOODS. THIS MAY REDUCE THE ANTICIPATED PROFIT OF YOUR FRANCHISED BUSINESS.
4. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
5. THERE MAY BE A RISK DUE TO THE FRANCHISOR NOT HAVING REGISTERED ONE OF ITS PRINCIPAL TRADEMARKS WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE.

6. 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.

The franchise broker that we use is Distribution Consultants, Inc. (“DCI”).

This Franchise is registered in the states listed and on the effective dates noted on the following page:

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