

**FRANCHISE DISCLOSURE DOCUMENT****Received  
LA Mailroom****JAN 29 2019****Department of  
Business Oversight**

**Yummy-town USA LLC**  
a Delaware limited liability company  
500 N. Atlantic Blvd., Suite 112  
Monterey Park, California 91754  
(609) 954-3335  
stephanie\_lin@yummy-town.com  
[www.happy-lemon.com](http://www.happy-lemon.com)



We offer area development rights and single unit franchises awarding the right to operate a store under the Happy Lemon trademarks and business systems featuring tea beverages with fresh fruits, milk, salted cheese, boba and other specialty items, as well as other complementary menu items.

The total investment necessary to begin operation of a single Happy Lemon store is \$302,000 to \$501,000. This includes \$70,000 to \$80,000 that must be paid to us or our affiliate.

The total investment necessary to begin operation as an area developer depends on the number of stores you commit to open. You pay us an Area Development Fee of \$20,000 for each store in your Development Schedule when you sign the Area Development Agreement. We will then give you a credit of \$20,000 against the total Initial Franchise Fee due each time you sign the Franchise Agreement applicable to each Happy Lemon store you commit to open.

This Disclosure Document summarizes certain provisions of your Franchise Agreement, Area Development 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 Stephanie Lin, Vice President of Franchising, Yummy-town USA LLC, 500 N. Atlantic Blvd., Suite 112, Monterey Park, California 91754, (609) 954-3335, [stephanie\\_lin@yummy-town.com](mailto:stephanie_lin@yummy-town.com).

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contracts. Read all of your contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer or an accountant.

**Happy Lemon**  
**Franchise Disclosure Document**

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, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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:** January 22, 2019

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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 E 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:

### **Risk Factors:**

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN LOS ANGELES COUNTY, CALIFORNIA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE 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. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
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. THIS FRANCHISOR IS IN THE EARLY STAGES OF DEVELOPMENT AND HAS LIMITED EXPERIENCE WITH FRANCHISING. THEREFORE, THIS FRANCHISE OPPORTUNITY PRESENTS MORE RISK THAN THAT OF A COMPANY WITH A LONGER OPERATING HISTORY.
6. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND

### **Happy Lemon Franchise Disclosure Document**

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