

FRANCHISE DISCLOSURE DOCUMENT



HOA Franchising, LLC
A Delaware Limited Liability Company
1815 The Exchange
Atlanta, Georgia 30339
(770) 951-2040
franchising@hooters.com
www.Hooters.com

The franchisee will operate a Hooters® restaurant that offers a limited menu featuring chicken wings, seafood and burgers, together with beer, wine, and liquor and other food and beverage offerings and merchandise.

The total investment necessary to begin operation ranges from \$2,256,500 to \$4,275,000 for a Hooters restaurant that will be a ground-up, freestanding construction, or \$956,500 to \$2,825,000 for a Hooters restaurant that will be a freestanding conversion or end cap shopping center location. This includes \$87,000 to \$107,500 that must be paid to the franchisor or affiliate (if you do not ask for any extensions prior to opening). We also offer development rights for Hooters restaurants. The fee to enter into a Development Agreement with us is \$15,000 to \$25,000 per restaurant to be developed, and must be paid to the franchisor or affiliate. The \$15,000 to \$25,000 per restaurant development fee will be credited towards the initial franchise fee for each restaurant to be developed.

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.**

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 HOA Franchising, LLC's Franchise Department at 1815 The Exchange, Atlanta, Georgia 30339, and (770) 951-2040.

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 "*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 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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HOA Franchising, LLC (April 4, 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 FRANCHISOR OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit M** 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 IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED AT THE TIME THE ACTION IS INITIATED (WHICH STATE IS CURRENTLY GEORGIA). OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US IN GEORGIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA 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 UNITED STATES EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (THE "EEOC") FOUND IN SEPTEMBER 1994 THAT CERTAIN ASPECTS OF THE HOOTERS SYSTEM VIOLATE TITLE VII OF THE CIVIL RIGHTS ACT OF 1964. IN MARCH 1996, THE OFFICE OF THE GENERAL COUNSEL FOR THE EEOC UNOFFICIALLY NOTIFIED US THAT THE EEOC DID NOT INTEND TO INSTITUTE LITIGATION AGAINST US OR OUR FRANCHISEES FOR THESE VIOLATIONS. IN APRIL 1996, THE EEOC CLOSED ITS FILE ON THIS MATTER. DESPITE THIS CLOSURE, STATE AGENCIES OR PRIVATE LITIGANTS COULD RELY ON THE EEOC'S FINDINGS TO TAKE ACTION AGAINST US OR OUR FRANCHISEES THAT COULD CAUSE, AMONG OTHER THINGS, CHANGES TO THE HOOTERS SYSTEM. YOU ASSUME THE RISK THAT THE EMPLOYMENT PRACTICES OF YOUR HOOTERS RESTAURANTS MAY BE DEEMED TO VIOLATE TITLE VII OF THE CIVIL RIGHTS ACT OF 1964 AND OTHER LAWS GOVERNING DISCRIMINATION BASED ON GENDER.
4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISES, FROM OUTLETS WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
5. ALL OF THE POST-OPENING OBLIGATIONS THAT WE ARE REQUIRED TO PROVIDE YOU WILL BE PERFORMED BY OUR PARENT COMPANY, HOOTERS OF AMERICA, LLC, WHOSE PERFORMANCE OF THESE SERVICES IS GUARANTEED BY ITS PARENT, HOA RESTAURANT GROUP, LLC. AS OF THE END OF THE FISCAL YEAR IMMEDIATELY PRECEDING THE DATE OF THIS DISCLOSURE DOCUMENT, HOA RESTAURANT GROUP,

LLC HAD A NEGATIVE NET WORTH THAT CALLS INTO QUESTION ITS ABILITY UNDER THE GUARANTEE TO PAY THE COST OF PROVIDING CONTINUING SERVICES AND SUPPORT FOR YOUR FRANCHISE IF HOOTERS OF AMERICA, LLC CANNOT AFFORD TO DO SO.

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 make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

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