



## HUDDLE HOUSE, INC. A GEORGIA CORPORATION 5901-B PEACHTREE DUNWOODY ROAD, SUITE 450 SANDY SPRINGS, GEORGIA 30328

# FRANCHISE DISCLOSURE DOCUMENT

Huddle House Franchise Disclosure Document (August 9, 2013)



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HUDDLE HOUSE, INC. A GEORGIA CORPORATION 5901-B PEACHTREE DUNWOODY ROAD, SUITE 450 SANDY SPRINGS, GEORGIA 30328 (770) 325-1300 www.huddlehouse.com franchiseinfo@huddlehouse.com

Huddle House, Inc. offers franchises for the operation of full service restaurants that serve all meals, including breakfast foods, during all hours of operation.

The total investment necessary to begin operation of a Huddle House franchise is \$274,625 to \$1,378,275 for a New Development Unit and \$79,505 to \$659,820 for a Resale Unit. This includes \$20,000 to \$35,000 (or \$22,000 to \$42,000, if you lease the restaurant premises from the franchisor) that must be paid to the franchisor or its affiliate(s). If you sign a development agreement for the opportunity to develop multiple Huddle House franchises, you may be required to pay a development fee for the rights to those development opportunities, the amount of which will vary depending on the number of Huddle House Restaurants you are committed to develop. The low numbers above include the \$12,500 discount available while the 2013 Veterans Incentive Program is effective.

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 the Franchise Department at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, or at (800) 418-9555.

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, D.C. 20580. You can also visit the FTC's home page at <u>www.ftc.gov</u> 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 C 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 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.
- 2.\* THE FRANCHISE AGREEMENT REQUIRES THE FRANCHISEE TO LITIGATE ONLY IN GEORGIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN GEORGIA THAN IN YOUR HOME STATE.
- 3. HUDDLE HOUSE HOLDINGS, INC. GUARANTEES HUDDLE HOUSE, INC.'S PERFORMANCE UNDER ITS FRANCHISE AGREEMENT. THE HUDDLE HOUSE BUSINESS WAS PURCHASED BY SENTINEL CAPITAL PARTNERS, LLC. IN CONNECTION WITH THIS TRANSACTION THERE WERE SUBSTANTIAL CHANGES TO THE CAPITAL STRUCTURE AND CARRYING VALUES OF ASSETS AND LIABILITIES OF HUDDLE HOUSE HOLDINGS, INC. AND HUDDLE HOUSE, INC. TO UNDERSTAND THESE CHANGES, YOU SHOULD CAREFULLY REVIEW THE FINANCIAL STATEMENTS DESCRIBED IN ITEM 21 BELOW.
- 4. PLEASE NOTE THAT 75% OF THE GUARANTOR'S ASSETS ARE INTANGIBLE. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
- 5. YOU WILL NOT BE GRANTED AN EXCLUSIVE TERRITORY.

#### THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE. 6.\*

\* LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS DISCLOSURE DOCUMENT.

Brokers: In certain circumstances, 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.

**Effective Dates:** Please see the following page for the respective state effective dates.

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