

FRANCHISE DISCLOSURE DOCUMENT

LOCALI FRANCHISE LLC
a Delaware limited liability company
5825 Franklin Avenue
Hollywood, California 90028
(323) 407-8616
franchise@localiyours.com
www.localiyours.com

2017 JUN 27 PM 2:01

RECEIVED
BUSINESS OVERSIGHT
SAN FRANCISCO



We offer two franchises under this document. The first option is for a store operating under the name “Locali Healthy Convenience,” which is a natural food and deli market offering healthy products, such as certified organic and natural ingredients, including beer and wine (if you are permitted to offer beer and wine in your state), as well as natural health and beauty products that are also certified as organic and/or natural (“Store”). The second option is for a fast casual restaurant operating under the name “Localita & The Badasserie Eat Nice Live Naughty” which offers menu items that do not include meat or dairy products, but include beer and wine, if you are permitted to offer beer and wine in your state (“Restaurant”).

The total investment necessary to begin operation of a Locali Healthy Convenience Store franchise is \$334,825 to \$501,350. This includes between \$45,000 and \$60,000 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Localita & The Badasserie Restaurant franchise is \$223,450 to \$376,700. This includes between \$45,000 and \$60,000 that must be paid to the franchisor and/or its affiliate.

If you enter into a Multi-Unit Operator Agreement to develop multiple Stores or Restaurants, when you sign the Multi-Unit Operator Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Store or Restaurant to be developed, plus a deposit of 50% of the initial franchise fee for each additional Store or Restaurant to be developed under the Multi-Unit Operator Agreement. You are required to develop a minimum of three Stores and/or Restaurants to enter into a Multi-Unit Operator Agreement. The total estimated investment under a Multi-Unit Operator Agreement for three Stores and/or Restaurant franchises, including the costs to build and equip the first Store or Restaurant is \$260,450 to \$538,850. This includes \$70,000 that must be paid to the franchisor and/or its affiliates. The total investment under a Multi-Unit Operator Agreement will vary depending on the number of restaurants 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 the 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 Melissa Adele Rosen, Managing Member and CEO, Greg Horos, Managing Member and COO, 5825 Franklin Avenue, Hollywood, California 90028.

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, 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.

Issuance Date: May 10, 2017.

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 I 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 AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE AND LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.
- 3 YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THE GUARANTY WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 4 WE WERE FORMED ON JUNE 22, 2016 AND HAVE A BRIEF OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
- 5 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$319,825 to \$482,700 FOR A STORE, OR \$213,450 to \$369,700 FOR A RESTAURANT. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF APRIL 30, 2017, WHICH IS \$21,411.
- 6 THE FRANCHISOR HAS THE RIGHT TO BUY BACK THE FRANCHISED BUSINESS AND FRANCHISED BUSINESS ASSETS. IF THE FRANCHISOR EXERCISES THIS RIGHT FOR ANY REASON, THEY WILL PROVIDE YOU WITH NINETY DAYS NOTICE.
- 7 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, OR OUTLETS OWNED BY US, OR OUR AFFILIATES.

Local/FDD-01d

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/locali-healthy-convenience>