

FRANCHISE DISCLOSURE DOCUMENT

Home-Grown Industries of Georgia, Inc.

A Georgia corporation

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[Facebook.com/MellowMushroomHQ](https://www.facebook.com/MellowMushroomHQ)

[Twitter.com/MellowMushroom](https://twitter.com/MellowMushroom)

The franchise offered is to operate a Mellow Mushroom® restaurant, which features pizza and sells other food products, clothing, souvenirs, and novelty items.

The total investment necessary to begin operation of a Mellow Mushroom® restaurant franchise ranges from ~~\$1,036,500~~ **1,075,500** to ~~\$1,544,000~~ **1,556,000** if you lease shell premises for the Restaurant, from ~~\$1,036,500~~ **1,088,500** to ~~\$1,744,000~~ **1,777,000** if you lease premises for the Restaurant that must be retrofit, and from ~~\$1,904,500~~ **1,953,500** to ~~\$3,337,000~~ **3,379,000** if you buy the real estate upon which you will construct a new building for the Restaurant. This includes between \$86,000 and \$98,000 that must be paid to the franchisor or affiliate. If you want development rights, you generally must pay ~~the franchisor~~ us a development fee equal to \$50,000 (the initial franchise fee for the first Restaurant) plus a deposit of \$25,000 for each additional Restaurant.

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 ~~Meredeth Shellnutt~~ **Felicia Low** at Home-Grown Industries of Georgia, Inc., 150 Great Southwest Parkway, Atlanta, Georgia 30336 (404) 924-2282.

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.

Issuance date of this Franchise Disclosure Document: ~~January 28, 2011~~ **February 8, 2012**

MELLOW MUSHROOM ~~2011~~ **2012** MULTISTATE FDD
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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:

1. THE PRELIMINARY AGREEMENT AND FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN GEORGIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN GEORGIA THAN IN YOUR OWN STATE.
2. THE PRELIMINARY AGREEMENT AND FRANCHISE AGREEMENT STATE THAT GEORGIA LAW GENERALLY GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

HOME-GROWN INDUSTRIES OF GEORGIA, INC.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	March 1, 2011 <u>Pending</u>
Illinois	February 2, 2011 <u>21, 2012</u>
Indiana	February 2, 2011 <u>21, 2012</u>
Maryland	March 17, 2011 _____, <u>2012</u> (Exemption)
Michigan	January 28, 2011 <u>February 8, 2012</u>
Minnesota	February 7, 2011 <u>Pending</u>
New York	February 7, 2011 <u>Pending</u>
North Dakota	February 17, 2011 <u>Pending</u>
Rhode Island	February 11, 2011 <u>Pending</u>
South Dakota	February 2, 2011 <u>21, 2012</u>
Virginia	February 11, 2011 <u>Pending</u>
Washington	February 14, 2011 <u>Pending</u>
Wisconsin	February 2, 2011 <u>21, 2012</u>

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of ~~January 28, 2011~~ **February 8, 2012**.

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