

FRANCHISE DISCLOSURE DOCUMENT

CHICAGO FRANCHISE SYSTEMS, INC.

an Illinois corporation

18861 90th Avenue

Suite H

Mokena, Illinois 60448

(708) 478-8440

www.nancyspizza.com

www.doughocracy.com

franchise@chicagofranchise.com



The Franchisee will own and operate a Nancy's Chicago Pizza Restaurant which offers for sale to the general public a variety of pizza, pasta, sandwiches and other approved menu items (including beer and wine in full service Nancy's Pizza restaurants) using the service marks and trade secrets owned by or licensed to Chicago Franchise Systems, Inc. or the Franchisee will own and operate a DOUGHOCRACY Restaurant which offers for sale to the general public a variety of neapolitan style pizzas, salads, unique sandwiches, beer, alcohol and wine, and other approved menu items using the service marks and trade secrets owned by or licensed to Chicago Franchise Systems, Inc.

The total investment necessary to begin operation of a Nancy's Pizza "Carry Out and Delivery" Restaurant franchise is from \$384,895 to \$508,095. This includes the \$30,000 franchise fee that must be paid to the Franchisor. The total investment necessary to begin operation of a Nancy's Pizza, full service restaurant franchise is from \$755,795 to \$1,152,895. This includes the \$30,000 franchise fee that must be paid to the Franchisor. The total investment necessary to begin operation of a DOUGHOCRACY Restaurant franchise is from \$457,495 to \$737,695. This includes the \$30,000 franchise fee that must be paid to the Franchisor. If the Franchisee wants development rights, the Franchisee must pay the Franchisor the full initial franchise fee of \$30,000 for each of the first three Restaurants developed under the Area Development Agreement for a total of \$90,000.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact David C. Howey, Jr. at Chicago Franchise Systems, Inc., 18861 90th Avenue, Suite H, Mokena, Illinois 60448, (708) 478-8440.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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 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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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 FRANCHISE DISCLOSURE DOCUMENT.

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 ILLINOIS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS THAN FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN ILLINOIS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS 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. WE DO NOT OWN THE TRADEMARKS YOU ARE LICENSED TO USE. WE OPERATE UNDER A PERPETUAL LICENSE FROM OUR FOUNDER AND PRESIDENT, DAVID C. HOWEY JR. IF THE LICENSE IS TERMINATED, YOU MAY BE REQUIRED TO ADOPT AN ALTERNATIVE TRADEMARK AS A RESULT, WHICH MAY INCREASE YOUR EXPENSES.
4. IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP OR A LIMITED LIABILITY COMPANY, ALL OWNERS WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See next page for state effective dates.

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