

## FRANCHISE DISCLOSURE DOCUMENT

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# FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Over the Top Franchising, LLC

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#### FRANCHISE DISCLOSURE DOCUMENT



FRANCHISOR Over the Top Franchising, LLC A Texas limited liability company 10731 IH 35 North San Antonio, Texas 78233 (210) 702-3618 franchising@overthetopcakesupplies.com www.overthetopcakesupplies.com

As a franchisee, you will operate a franchise offering cake decorating instruction along with the sale of related products and supplies, as well as cake decorating classes, camps, parties and events for children and adults under the name, "Over the Top Cake Supplies."

The total investment necessary to begin operation of a Over the Top Cake Supplies franchise is from \$120,250 to \$174,500. This includes \$50,000 to \$55,000 that must be paid to us as the franchisor or our affiliate. Please see Items 5 and 7 for additional details.

We may offer to enter into an area development agreement to establish and operate a certain number of Over the Top Cake Supplies franchises at specific locations pursuant to individual franchise agreements. The area development fee will be equal to \$10,000 multiplied by the number of Over the Top Cake Supplies franchises to be developed under the area development agreement. The area development fee will then be credited, in increments of \$10,000, toward the franchise fee owed for each Over the Top Cake Supplies franchise developed. Your estimated initial investment will vary based on the number of stores 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 Kevin Johnson, Over the Top Franchising, LLC, 10731 IH 35 North, San Antonio, Texas 78233, (210) 702-3618, franchising@overthetopcakesupplies.com.

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 <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.

#### Issuance Date: May 3, 2016



#### **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 1 for information about the franchisor, about other franchisors, 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 AREA DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE ONLY IN TEXAS. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT OR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN TEXAS THAN IN YOUR HOME STATE.
- 2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF TEXAS 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.

We may 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 is <u>our</u> agent and 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.

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