



FRANCHISE DISCLOSURE DOCUMENT

South Bay Soup Corporation
(a California corporation)
1420 Fulton Avenue, Building B
Sacramento, CA 95825
Telephone: (916) 779-8800
www.phohoa.com

Franchise Business: Phở Hòa® restaurants offer sit-down table-service casual dining featuring authentic Vietnamese noodle soups and plate dishes made from proprietary recipes with fresh ingredients designed to appeal to health-conscious customers.

Initial Fees: The total investment necessary to begin operation of a Phở Hòa® restaurant franchise is between \$226,100 and \$436,650. This includes between \$44,500 and \$48,000 that must be paid to us or our affiliates before you open.

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 (or such earlier date as required by applicable state law - see State Addenda) 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 the disclosure document in another format, contact Quoc Phan, President, Chief Executive Officer, Chief Financial Officer and Director, South Bay Soup Corporation, 1420 Fulton Avenue, Building B, Sacramento, CA 95825 Telephone: (916) 779-8800; franchising@phohoa.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, N.W., 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.

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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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A 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 REQUIRES YOU TO RESOLVE ALL DISPUTES (WITH LIMITED EXCEPTIONS) FIRST BY NON-BINDING MEDIATION, AND IF THAT PROCESS DOES NOT RESULT IN RESOLUTION, BY LITIGATION. MEDIATION MUST OCCUR AT OUR HEADQUARTERS. LITIGATION MUST OCCUR IN THE STATE OR FEDERAL COURTS CLOSEST TO OUR HEADQUARTERS UNLESS WE FILED THE ACTION IN YOUR HOME STATE OR IF LOCAL LAW REQUIRES THAT THE ACTION BE BROUGHT IN YOUR HOME STATE. AT THIS TIME, OUR HEADQUARTERS ARE IN SACRAMENTO, CALIFORNIA, BUT WE MAY CHANGE THE LOCATION OF OUR HEADQUARTERS AT ANY TIME. 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 CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT PROVIDES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT WITH ONE EXCEPTION. THE EXCEPTION CONCERNS COVENANTS IN THE AGREEMENT FORBIDDING YOU FROM ENGAGING IN COMPETING ACTIVITIES. CALIFORNIA LAW GOVERNS THE INTERPRETATION AND ENFORCEMENT OF THESE COVENANTS UNLESS THE PROVISION WOULD BE UNENFORCEABLE UNDER CALIFORNIA LAW, IN WHICH CASE YOUR LOCAL LAW WILL APPLY IF YOU RESIDE OR YOUR FRANCHISE IS LOCATED IN ANOTHER STATE. CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT IN WHICH YOUR SPOUSE CONSENTS TO YOUR EXECUTION OF THE FRANCHISE AGREEMENT AND AGREES THAT YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ARE BINDING ON THE MARITAL COMMUNITY EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HAS NOT SIGNED ANYTHING. IN EITHER CASE, BOTH YOU

AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.

4. YOU MUST MAKE MINIMUM ROYALTY AND ADVERTISING PAYMENTS REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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 make sure to do your own investigation of the franchise.

Effective Date of this Disclosure Document in Certain States: See the next page.

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