

FRANCHISE DISCLOSURE DOCUMENT OF PIZZA FACTORY, INC
CALIFORNIA FILE NO 995-2525

**ITEMIZATION OF MODIFICATIONS TO
FRANCHISE DISCLOSURE DOCUMENT AND EXHIBITS**

The proposed Disclosure Document and Exhibits attached thereto, submitted with an issuance date of January 1, 2016 containing the following changes and modifications from the current effective Disclosure Document renewed effective and amended April 20, 2015

MODIFICATIONS TO THE DISCLOSURE DOCUMENT

- 1 **Page 47, No 17, Provision (f), Summary,**
 - (a) First sentence after “terminate” deleted “on 30 days notice” and added “immediately”,
 - (b) Fourth line beginning “default” after “default” deleted “after 30 days” and added “within 60 days of”
- 2 **Page 48, No 17, Provision (g), Summary, first line after “have” deleted “30” and added “60”**
- 3 **Page 48, No 17, Provision (h), Summary, eleventh line beginning “twelve” after “period” added “, see Section 9 01 of Franchise Agreement for complete list”**
- 4 **Page 48, No 17, Provision (i), Summary,**
 - (a) First line, added to beginning “Unless Pizza Factory chooses to acquire your Pizza Factory restaurant, then your”,
 - (b) Sixth line beginning “amounts” after “see” added “n, o, and”

MODIFICATIONS TO EXHIBIT D OF THE DISCLOSURE DOCUMENT

Franchise Agreement

- 1 **Page 35, Section 8 01 (a), paragraph continuing from prior page,**
 - (a) Seventh line beginning “shall” after “Franchisor” added “60 days after the date on which the Franchisor receives the following items”,

(b) Ninth line beginning “franchisee” after “forth” deleted “below 30 days after the date on which the Franchisor receives the following and added “in subsection (b)” and after (1) deleted “the personal and financial data of the intended transferee, normally required of a new prospective franchise applicant” and added “All forms, financial disclosures, and related information then being generally utilized by Franchisor in reviewing prospective new Franchisees”,

(c) Eleventh line beginning “reviewing” after “(3)” deleted “copies of any sales agreement or other documents reflecting all the conditions of the sale, transfer, or assignment”

And added “A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchise Business, or the interest in the Franchise Business to be transferred, provided, however, regardless if conditionally approved or approved by default, then such approval is subject to satisfactory compliance by the Franchisee and the proposed new Franchisee of the conditions for final approval/consent set forth in subparagraph (b), hereof In the event the proposed new transferee is disapproved, Franchisor shall return all but \$2,500 00 of the transfer fee to the party paying said transfer fee to Franchisor”

2 Page 35, Section 8 01 (b),

(a) First line, deleted from beginning “The Franchisor will give final” and after “this” deleted “provision upon a finding that” and added “Section 8 01 shall be conditioned upon the following ”,

(b) Fourth line beginning “is then” after “(2)” added “If applicable,”,

(c) Fifth line beginning “applicable” after “the” added “proposed”

3 Page 36, Section 8 01 (b), paragraph continuing from prior page,

(a) Second line beginning “incorporated” after “execution” added “by proposed assignee/transferee”,

(b) Fourth line beginning “the Advertising” after “royalty” added “then being charged to the Franchisee”,

(c) Fifth line beginning “to the” after “1%” deleted “up to a maximum” and added “(Franchisee royalty of 4% would be 5% for assignee/transferee) or the”,

(d) Sixth line beginning “or the” after “royalty” deleted “of the amount then”,

(e) Seventh line, added to the beginning “, whichever is less, and, if applicable, execution of a personal guarantee then being utilized, and”,

(f) Eighth deleted from beginning “provide to the Franchisor copies of any escrow instructions, other escrow documents, and any other document reflecting the terms and conditions of the sale, transfer, or assignment, and (6)” and added “Franchisee and proposed assignee/transferee” and after “condition” added “then”,

(g) Ninth line, added to beginning “for transfer or assignment of Franchise and then being required of new franchisees or as reasonably appropriate for the proposed new transferee”

4 Page 39, Section 9 01 (d),

(a) First line after “or” added “its affiliates or”

(b) Second line beginning “or” after “any” deleted “other person as and when the same becomes due and payable” and added “exclusive supplier within 5 days after receiving written notice that such fees or amounts are overdue”

5 Page 39, Section 9 01 (e), second line beginning “days” after “longer” added “and the Franchise Business or Business Premises of the Franchise are seized, taken over, or foreclosed by the creditor, lienholder, or lessor, or are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or a levy of execution has been made upon the license granted by the Franchise Agreement or upon any property used in the Franchise Business and it is not discharged within 5 days of such levy”

6 Page 39, Section 9 01 (h), first line after “felony” added “or any other criminal misconduct which is relevant to the operation of the Franchise”

7 Page 40, Section 9 01 (k), deleted in its entirety “Trademark, trade name, service mark, trade secret misuse” and added “Franchisor and Franchisee agree in writing to terminate the Franchise ”

8 Page 40, Section 9 01 (l), deleted in its entirety “Breach of confidentiality, including unauthorized use of Operations Manual” and added “Franchisee has made any material misrepresentation relating to the acquisition of the Franchise Business or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchise Business or system”

9 Page 40, Section 9 01, added new paragraphs “(m) Franchisee fails, for a period of ten days after notification of non-compliance, to comply with any Federal, state, or, local law or regulation, including, but not limited to, all health, safety, building and labor laws or regulations applicable to the operation of the Franchise ”

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