

FRANCHISE DISCLOSURE DOCUMENT

Ruby's Franchise Systems, Inc
a California Corporation
557 Wald
Irvine, California 92618
(949) 644-7829
www.rubys.com



This franchise is for the development and operation of “Ruby’s® Dinette” restaurants that have retro-modern décor that combines elements of Mid-Century Modern and Southern California “Googie” inspired design and architecture providing a modern twist on the diners, malt shops, and grills of the 1940’s, 1950’s and 1960’s, featuring primarily appetizers, hamburgers, salads, sandwiches, soups, chili, french fries, shakes, malts and desserts

We offer 2 franchise programs

(1) A single restaurant You must pay an initial fee of \$40,000 for a single Ruby’s® Dinette restaurant The estimated initial cost to you of establishing and beginning operation of a single Ruby’s® Dinette restaurant, including pre-opening expenses and the initial franchise fee, is between approximately \$458,500 and \$1,425,000 These sums do not represent your total investment in the franchise You should refer to Items 5 through 7 of this franchise disclosure document for further information regarding your investment

(2) Multiple restaurants within a defined area pursuant to a Multi-Unit Development Agreement When you sign your Multi-Unit Development Agreement, you must pay a development fee equal to one-half of the total initial fees which you must pay for the total number of Ruby’s Dinette restaurants you agree to open When you sign each Franchise Agreement pursuant to your Multi-Unit Development Agreement, you must pay an initial fee of (i) \$40,000 for your first restaurant, (ii) \$35,000 for your second restaurant and (iii) \$25,000 for your third and each subsequent restaurant, provided that we will credit the development fee against the applicable initial fees at a rate of one-half of the initial fee payable under each Franchise Agreement until the entire development fee has been credited

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 disclosure in different formats, contact Vicki Reiber at 557 Wald, Irvine, California 92618 or (949) 644-7829

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 an attorney 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.

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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 administrators listed in Exhibit "I" 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE
- 2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE 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 our 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

Effective Date _____, 2014

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