

FRANCHISE DISCLOSURE DOCUMENT



Saxbys Coffee, LLC
A Delaware Limited Liability Company
401 Parkway Drive
Broomall, PA 19008
Phone: (484) 472-6100
www.SAXBYSOFFEE.com

The franchise described in this Franchise Disclosure Document is for the operation of a coffee shop that specializes in the sale of hot and cold coffees, tea and chai, gourmet pastries, bagels, muffins, fruit smoothies, soft drinks and other cold beverages, and related products and services under the “Saxbys Coffee” name and marks.

The total initial investment necessary to begin operation of a Saxbys Coffee Shop franchised business ranges from \$248,425 to \$340,985, which includes \$30,000 to \$40,000 that must be paid to franchisor.

Franchisor also offers to qualified individuals the right to operate multiple units under a Multi-Unit Operator Agreement. The total investment necessary depend on the number of shops you contract to open and operate under the Multi-Unit Operator Agreement in your designated development area (the “Designated Area”). At the time you enter into the Multi-Unit Operator Agreement, you must pay us a development fee equal to the full initial franchisee fee for the initial Saxbys Coffee Shop we agree to let you open within the Designated Area, plus \$25,000 for your second and each additional Shop (the “Development Fee”). For example, if you agree to open three (3) Saxbys Coffee Shops under a Multi-Unit Operator Agreement, then your Development Fee would be \$80,000, which represents an initial franchise fee of \$30,000 for the first Saxbys Coffee Shop plus \$25,000 for your second and third Saxbys Coffee Shops. Once you have paid the Development Fee, you will not be required to pay any additional initial franchise fees at the time you enter into a franchise agreement for your second and each subsequent Saxbys Coffee Shop.

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 disclosures in different formats, contact our corporate office at 401 Parkway Drive, Broomall, Pennsylvania 19008 or via telephone at (484) 472-6100.

The terms of your Single Unit Franchise Agreement and Multi-Unit Operator Agreement, as applicable, will govern the terms of your franchise relationship. Don’t rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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, 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.

The Issue Date of this Disclosure Document (“FDD”) is: May 5, 2013.

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 A to this Franchise Disclosure Document 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. AT OUR OPTION, THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE ALL DISPUTES WITH US VIA BY MEDIATION ONLY IN BROOMALL, PENNSYLVANIA. OUT-OF-STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN PENNSYLVANIA THAN IN YOUR OWN STATE.
2. ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN BROOMALL, PENNSYLVANIA. IT MAY COST YOU MORE TO LITIGATE WITH US IN PENNSYLVANIA THAN IN STATE YOU RESIDE IN.
3. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT THEY ARE GOVERNED BY PENNSYLVANIA LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
4. SPOUSES OF THE FRANCHISEE MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE(S) JOINTLY AND SEVERALLY LIABLE FOR ALL OF THE OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISEE AND ITS SPOUSE AT RISK.
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 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 Dates for this Franchise Disclosure Document in the Registration States are Listed on the Following Page.]

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. This Franchise Disclosure Document is registered, on file, or exempt from Registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>State</u>	<u>Effective Date</u>
California	Not Registered
Florida (exemption)	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Kentucky (one-time exemption)	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
Nebraska (one-time exemption)	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
Texas (one-time exemption)	Not Registered
Utah (exemption)	Not Registered
Virginia	Not Registered
South Dakota	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

The effective date of this Disclosure Document in all other states is the Issue Date of May 5, 2013.

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