

FRANCHISE DISCLOSURE DOCUMENT

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DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

SIZZLER USA FRANCHISE, INC
25910 Acero Drive, Suite 350
Mission Viejo, CA 92691
(949) 491-8402
www.sizzler.com

We grant you the right to operate a mid-scale, casual dining SIZZLER® Restaurant. Your Restaurant will feature a variety of menu items, including steak, seafood, poultry, salad bar and other products and beverages, including alcoholic beverages.

The total investment necessary to begin operation of a single SIZZLER® Restaurant is from \$1,909,750 to \$2,607,750 for a free standing location (not including land) or from \$1,329,750 to \$2,292,750 for a non-free standing location. This includes \$35,000 to \$90,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Sizzler Restaurant under an Area Development Agreement is from \$1,924,750 to \$2,622,750 for a free standing location (not including land) or from \$1,431,750 to \$2,397,750 for a non-free standing location. This includes \$50,000 to \$140,000 that must be paid to the franchisor or affiliate.

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 Kerry Kramp, President and CEO, at 25910 Acero Drive, Suite 350, Mission Viejo, CA 92691, telephone (949) 491-8399.

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 contracts 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, 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.

Issuance Date August 3, 2016

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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 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 DISPUTES WITH US BY LITIGATION OR ARBITRATION ONLY IN LOS ANGELES, CALIFORNIA OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE
- 2 ARBITRATION MUST BE CONDUCTED ON AN INDIVIDUAL BASIS THE ARBITRATION PROVISION PROHIBITS CLASS ACTIONS
- 3 THE TOTAL NUMBER OF SIZZLER OUTLETS (BOTH FRANCHISED AND COMPANY-OWNED) HAS DECREASED OVER THE PAST THREE YEARS FROM 151 IN 2014 TO 138 IN 2016
- 4 TO QUALIFY FOR THIS FRANCHISE OPPORTUNITY, A PROSPECTIVE FRANCHISEE MUST HAVE A NET WORTH OF \$3,000,000 WITH MINIMUM LIQUIDITY OF \$750,000
- 5 FRANCHISEES MAY BE REQUIRED TO SPEND \$100,000 TO \$500,000 ON REMODELING EVERY FIVE YEARS
- 6 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 Date See the following page for registration state effective dates

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, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

The 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

California	
Illinois	
Minnesota	
Utah	
Washington	

In all other states, the effective date is the issuance date of August 3, 2016

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