

FRANCHISE DISCLOSURE DOCUMENT

SOUTHERN MAID DONUTS, INC.

3615 CAVALIER DRIVE, GARLAND, TEXAS 75042-7504 PHONE (972)-272-6425 FAX (972) 276-3549
www.southernmaiddonuts.com, information@southernmaiddonuts.com



Southern Maid franchises produce and sell donuts, rolls and other bakery products, non-alcoholic beverages and other items customarily sold in donut shops

The total investment necessary to begin operation of a Southern Maid franchise is from \$66,500 00 to \$234,500 00 This includes \$5,000 00 that must be paid to the franchisor

This disclosure document summarized 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 in connection with the proposed franchise sale Note, however, that no governmental agency has verified the information contained in this document

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, 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

_____, 2019

STATE COVER PAGE

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

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 California Department of Business Oversight at (866) 275-2677 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 NOTE AND SECURITY AGREEMENT MAY REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN DALLAS COUNTY, TEXAS OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE IN TEXAS THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES

4 THE FRANCHISOR IS A RELATIVELY NEW ENTITY, FORMED ON AUGUST 14, 2012 THEREFORE, THERE IS LIMITED OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT

5 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

www.southernmaiddonuts.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT <http://www.dbo.ca.gov>

Effective Date This Franchise Disclosure Document is registered with the State of California effective _____, 2019

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