

UNIFORM FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES



TEA O'LA, INC.

154 W. Valley Blvd. San Gabriel, CA 91776 www.teastation.us

INFORMATION FOR PROSPECTIVE FRANCHISEES REQUIRED BY FEDERAL TRADE COMMISSION

TO PROTECT YOU. WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF YOUR FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN ENGLISH. THE TERMS OF YOUR AGREEMENT WILL GOVERN YOUR FRANCHISE RELATIONSHIP. WE HAVE NOT CHECKED IT, AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT 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 PROPOSSED FRANCHISE SALE. NOTE, HOWEVER, THAT NO GOVERNMENT AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ YOUR CONTRACT CAREFULLY, BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT HAS BEEN LEFT OUT. YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THE INFORMATION IN THIS DISCLOSURE DOCUMENT CAN HELP YOU MAKE UP YOUR MIND, MORE INFORMATION ON FRANCHISING, SUCH AS THE FTC'S "CONSUMER GUIDE TO BUYING A FRANCHISE," IS AVAILABLE FROM THE FTC. YOU CAN CONTACT THE FTC AT 1-877-FTC-HELP OR BY WRITING TO THE FTC AT 600 PENNSYLVANIA AVE. NW, WASHINGTON, DC 20580. YOU CAN ALSO VISIT THE FTC'S HOMEPAGE AT www.ftc.gov FOR ADDITIONAL INFORMATION. THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION WASHINGTON. D.C. 20580

Effective Date:



FRANCHISE DISCLOSURE DOCUMENT



Tea O'La, Inc. a California corporation 154 W. Valley Boulevard San Gabriel, CA 91776 (626) 288-1663 www.teastationusa.com

The franchises described in this offering circular are for the operation of a TEA STATION® Outlet ("**Outlet**") serving gourmet Asian tea, other beverages and related food items. The initial license fee is \$50,000 plus a training fee of \$7,500. The estimated initial investment required ranges from \$300,000 to \$450,000.

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.**

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.

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 1-977-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.

EFFECTIVE DATE:



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 F** 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 <u>RISK FACTORS</u> before you buy this franchise:

- 1. WE HAVE BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN DECIDING WHETHER OR NOT TO MAKE THIS DECISION. THE SUCCESS OF YOUR FRANCHISE WILL DEPEND AMONG OTHER FACTORS ON THE QUALITY OF YOUR WORK FORCE AND THEIR DEPENDABILITY.
- 2. THERE ARE CERTAIN STATE AND LOCAL FOOD HEALTH REGULATIONS REGARDING RESTAURANT OPERATION THAT YOU MUST FOLLOW.
- 3. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SETTLED BY ARBITRATION IN THE HOME COUNTY (SAN GABRIEL, 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.
- THE AGREEMENTS EACH STATES THAT THE LAW OF THE STATE WHERE THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED (WHICH IS CURRENTLY IN CALIFORNIA) GOVERNS THE AGREEMENT. AND THIS LAW MAY NOT PROVIDE THE PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO LAW COMPARE THESE LAWS. LOCAL MAY SUPERSEDE REQUIREMENT IN YOUR STATE. PLEASE REFER TO THE STATE-SPECIFIC ADDENDA THAT ARE ATTACHED TO THIS DISCLOSURE DOCUMENT AS EXHIBIT H FOR FURTHER DETAILS.

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