

## FRANCHISE DISCLOSURE DOCUMENT



XD Franchising LLC
A New Jersey Limited Liability Company
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The franchisee will operate a business that provides espresso and other coffee systems to offices and other workplaces.

The total investment necessary to begin operation of an Xpresso Delight® franchised business is \$62,000 to \$84,500. This includes \$40,000 that must be paid to the franchisor or its affiliates. If you qualify and choose to operate more than one Xpresso Delight® franchised business, you will be required to place a deposit of \$7,500 for each additional franchise agreement that you agree to sign.

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 about 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 us at 415 Madison Avenue, Suite 1417, New York, New York 10017, (347) 421-4196.

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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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 <a href="https://www.ftc.gov">www.ftc.gov</a> 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: April 20, 2018



## 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 FRANCHISOR OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit C 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 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 TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, LITIGATION OR ARBITRATION ONLY IN THE PLACE WHERE OUR PRINCIPAL BUSINESS OFFICE IS LOCATED (CURRENTLY, NEW YORK, NEW YORK). MEDIATION, LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS-FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, SUE OR ARBITRATE WITH US IN THE PLACE WHERE OUR PRINCIPAL BUSINESS OFFICE IS LOCATED THAN YOUR HOME STATE.
- THE FRANCHISE AGREEMENT STATES THAT NEW YORK 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. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
- THE FRANCHISOR PERFORMS BILLING AND COLLECTION FOR ALL SERVICES THAT YOU PROVIDE TO YOUR CUSTOMERS. WHETHER YOU OBTAIN THE CUSTOMER OR THE FRANCHISOR PROVIDES THAT CUSTOMER TO YOU. IF THE ACCOUNTS YOU SERVICE DO NOT PAY, YOU SUFFER THE LOSS OF NONPAYMENT. IF THE FRANCHISOR TAKES ACTION TO COLLECT PAYMENTS, THE FRANCHISOR DOES SO SOLELY AT YOUR EXPENSE.
- THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
- 6. THERE MAYBE 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 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 next page for 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.

In the states listed below, the effective date of this Disclosure Document will be the issuance date, which is April 20, 2018.

Alabama	Kentucky	North Carolina
Alaska	Louisiana	Ohio
Arizona	Maine	Oklahoma
Arkansas	Massachusetts	Oregon
Colorado	Mississippi	Pennsylvania
Connecticut	Missouri	South Carolina
Delaware	Montana	Tennessee
District of Columbia	Nebraska	Texas
Georgia	Nevada	Vermont
Idaho	New Hampshire	West Virginia
Iowa	New Jersey	Wyoming
Kansas	New Mexico	

This document is registered, or on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Illinois	August 7, 2018
Indiana	April 26, 2018
Maryland	September 26, 2018
Minnesota	
New York	July 2, 2018
Rhode Island	May 3, 2018
Virginia	September 28, 2018
Wisconsin	April 25, 2018

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