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Department of
Business Oversight

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FRANCHISE DISCLOSURE DOCUMENT

The franchise offered is for the establishment of one or more Xtreme Fun franchised businesses (each an “Xtreme Fun Business”) that provide party and event entertainment using various vehicles, Office/Warehouse Equipment, Disc Jockey Equipment, and Game Equipment for parties and other events.

The total investment necessary to begin operation of a single Xtreme Fun Business ranges from \$102,910 to \$154,600. This includes \$47,235 to \$51,500 that must be paid to us or our affiliates. The total investment necessary to begin operation under a development agreement, for the development, opening and operation of more than one Xtreme Fun Business, ranges from \$54,000 to \$87,500 in most cases. This includes \$45,000 to \$75,000, and possibly more (depending on the number of franchises to be developed), that must be paid to us or our affiliates.

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 the 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 government 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 Scott Feld at 2382 Camino Vida Roble, Suite 1, Carlsbad, CA 92011, Telephone: (858) 792-9111.

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, DC 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.

Date of Issuance: _____, 2016

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:

RISK FACTORS:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE LITIGATED IN SAN DIEGO, CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT THAN YOU MIGHT HAVE IN YOUR OWN STATE. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN SAN DIEGO, CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. LIQUIDATED DAMAGES WILL BE REQUIRED IF THE FRANCHISE AGREEMENT OR DEVELOPMENT AGREEMENT IS TERMINATED WITH CAUSE.
4. THE FRANCHISOR COLLECTS ALL FEES THAT YOU TAKE IN AND IN TURN YOU ARE PAID WEEKLY AFTER THE FRANCHISOR TAKES MONIES OWED TO THEM. THIS CAN EFFECT YOUR CASH FLOW.
5. YOUR RIGHTS WITH RESPECT TO YOUR TERRITORY ARE DEPENDENT ON PAYING US MINIMUM ROYALTIES ON A CALENDAR MONTH BASIS REGARDLESS OF YOUR ACTUAL REVENUES.
6. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISEE FAILS.
7. IF YOU FAIL TO COMPLY WITH THE MINIMUM ROYALTY FEE REQUIREMENT, THEN YOU WILL BE DEEMED TO BE IN DEFAULT AND WE MAY TERMINATE YOUR FRANCHISE AGREEMENT.

8. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE APRIL 25, 2016. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

9. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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.

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See the State Registrations page for state effective dates

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/xtreme-fun>