

FRANCHISE DISCLOSURE DOCUMENT

YOUNG REMBRANDTS FRANCHISE, INC.

23 North Union Street, Elgin, Illinois 60123

(847) 742-6966 or (866) 300-6010

yr@youngrembrandts.com

www.youngrembrandtsfranchise.com



Young Rembrandts

The Franchisee will provide art classes and teach art techniques to preschool and elementary school children.

The total investment necessary to begin operations of a Young Rembrandts standard Gold Franchise ranges from a low of \$41,250 to a high of \$48,650. This includes \$34,500 for the initial franchise fee for a standard Gold franchise. Under certain circumstances (described in Item 5 of the Franchise Disclosure Document) you pay a lower initial franchise fee.

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 disclosure in different formats, contact Kim Swanson at 23 North Union Street, Elgin, Illinois 60123, (847) 742-6966.

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 "*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 be laws on franchising in your state. Ask your state agencies about them.

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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 H 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 THE FRANCHISEE TO ARBITRATE WITH YOUNG REMBRANDTS FRANCHISE, INC. ONLY IN ILLINOIS. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH YOUNG REMBRANDTS FRANCHISE, INC. IN ILLINOIS THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS 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. YOUR EXCLUSIVE RIGHTS TO THE TERRITORY WE GRANTED TO YOU ARE CONTINGENT UPON YOUR MAINTAINING A LEVEL OF GROSS REVENUES TO GENERATE AN AVERAGE MINIMUM MONTHLY ROYALTY PAYMENT.

4. 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 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 dates in franchise registration states:

California:
Illinois:
Indiana:
Maryland:
Michigan:
Minnesota:

New York:
Rhode Island:
South Dakota:
Virginia:
Washington:
Wisconsin:

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