



BAD ASS COFFEE COMPANY OF HAWAII, INC.

FRANCHISE DISCLOSURE DOCUMENT

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BAD ASS COFFEE COMPANY OF HAWAII, INC.

A Utah Corporation
155 West Malvern Avenue
Salt Lake City, Utah 84115
(801) 463-1966
www.badasscoffee.com
dan@badasscoffee.com



As a franchisee, you will operate a retail coffee store known as Bad Ass Coffee of Hawaii™ which will market a variety of coffee beverages, coffee beans, related food items, accessories, gifts and other related products to the general public. We also offer a similar drive-through franchise.

The total investment necessary to begin operation of a standard Bad Ass Coffee of Hawaii™ franchise is between \$235,000 and \$383,000. This includes the \$97,400 to \$107,400 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a drive-through Bad Ass Coffee of Hawaii™ franchise is between \$213,500 and \$276,000. This includes the \$47,400 to \$52,400 that must be paid to the franchisor or affiliate.

If you enter into a multi-unit development agreement, there is an up front development fee of \$5,000 per unit to be developed for either a standard or drive-through franchise.

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. 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.

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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 “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 RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT STATES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN UTAH. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN UTAH THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT UTAH 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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