

## FRANCHISE DISCLOSURE DOCUMENT



BUBBAKOO'S FRANCHISE SYSTEMS, LLC  
A New Jersey Limited Liability Company  
1670 Route 34 North, Suite 1C  
Wall, New Jersey 07727  
Phone: (732) 475-6644  
Fax: (732) 475-6489  
Email: [bubbakoofranchiseinfo@gmail.com](mailto:bubbakoofranchiseinfo@gmail.com)  
[www.bubbakoos.com](http://www.bubbakoos.com)

We offer qualified individuals and entities a franchise for the right to independently own and operate a quick casual restaurant featuring burritos, tacos, quesadillas, nachos, taco salads and “Chiwawas”, as well as other specialty items, sides, desserts and beverages we authorize, utilizing our proprietary business system and the mark BUBBAKOO'S BURRITOS (each a “Franchised Business” or “Restaurant”). We also offer qualified parties the right to own and operate multiple Restaurants within a development area that we designate.

The total initial investment necessary to begin operation of a Restaurant ranges from \$131,500 to \$398,000, which includes \$35,000 to \$40,000 you must pay to franchisor or its affiliates.

Franchisor may also offer qualified individuals that already own an independent restaurant that is already open and operating the right to convert their existing business into a BUBBAKOO'S BURRITOS Restaurant, provided that individual and his/her current restaurant operations meets our then-current conversion criteria. The total investment necessary to convert an existing restaurant that meets our conversion criteria into a Restaurant ranges from \$119,000 to \$278,000, which includes \$28,000 to \$33,000 that must be paid to the franchisor or its affiliates. The lower estimate in this range does not include certain costs and expenses you would have otherwise incurred in connection with the normal operation of your existing restaurant, such as rent, security deposits (in connection with lease and utilities), business permits/licenses and insurance premiums.

The total investment necessary to operate multiple Restaurants under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop three (3) Restaurants is \$161,500 to \$428,000, which includes (1) an initial development fee of \$65,000 that is paid to us, and (2) the total investment to open and commence operations of your initial Restaurant (that is not a conversion). Under the area development agreement, the initial portion of the Development Fee (the “Initial Development Fee”) is calculated as follows: (i) \$35,000 for the initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$10,000 for each additional Franchised Business that you are granted the right to open under the Development Agreement.

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 disclosures in different formats, contact Paul Altero at 1670 Route 34 North, Suite 1C, Wall, New Jersey 07727 or at telephone number (732) 475-6644.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP 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](http://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 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:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE ALL DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN NEW JERSEY. OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN THE STATE OF NEW JERSEY THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT THEY ARE GOVERNED BY NEW JERSEY LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. 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 is our agent and 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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