

Burger Hut® Burgers CHARBROILED

FRANCHISE DISCLOSURE DOCUMENT



Department of
Business Oversight

Burger Hut Franchising LLC
a California limited liability company

2484 Tracy Ranch Road
Durham, California 95938

(530) 343-6300

www.burgerhut.com

franchise@burgerhut.net

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San Francisco

The franchisee will operate a quick service casual restaurant that offers build your own burgers using freshly ground beef, as well as vegetarian friendly burgers, sandwiches, hot dogs, condiment bar, including our special sauce, fries, onion rings, hand-dipped shakes, freezes, floats, malts, soft drinks and beer under the name "Burger Hut" All menu items are prepared as they are ordered A Burger Hut restaurant operates using the franchisor's proprietary sauces, formulae, techniques, trade dress, trademarks and logos

The total investment necessary to begin operation of a Burger Hut franchised business is \$395,150 to \$449,850 This includes \$35,000 that must be paid to the franchisor

We may offer to enter into area development agreements to establish and operate a certain number of Burger Hut restaurants at specific locations pursuant to individual franchise agreements The area development fee will be equal to the total of \$35,000 for the first Burger Hut restaurant plus a deposit of \$10,000 for each additional Burger Hut restaurant to be developed (which means that the area development fee will vary depending on the number of franchised businesses to be developed) The balance of the initial franchise fee for each Burger Hut restaurant after the first one is payable at the time the Franchise Agreement for that restaurant is signed

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 Richard Kusie at 2484 Tracy Ranch Road, Durham, California 95938 and (530) 343-6300

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

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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 D for information about the franchisor, about other franchisors, 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 AREA DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE ONLY IN CALIFORNIA OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE
- 2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF NEVADA GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS
- 3 YOU MUST SIGN A PERSONAL GUARANTY MAKING YOU LIABLE FOR THE OBLIGATIONS OF THE FRANCHISE THIS REQUIREMENT PLACES YOUR PERSONAL ASSETS AT RISK
- 4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration California, Connecticut, Hawaii, Illinois, Indiana, Maine, Maryland, Michigan, Minnesota, New York, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Virginia, Washington and Wisconsin

This Disclosure Document is either not registered or registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California
Hawaii
Illinois
Indiana
Maryland
Michigan
Minnesota
New York
North Dakota
Rhode Island
South Dakota
Virginia
Washington
Wisconsin

This Disclosure Document is not required to be registered in the following states, but an exemption has been filed as required by the state's business opportunity laws and this Disclosure Document is effective as of the date specified below

Florida
Kentucky
Nebraska
Texas
Utah

This Disclosure Document is not required to be registered and an exemption is not required to be filed in the following states and this Disclosure Document is effective as of the Date of Issuance Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Georgia, Idaho, Iowa, Kansas, Louisiana, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Vermont, West Virginia and Wyoming

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