

FRANCHISE DISCLOSURE DOCUMENT

Dr. David Junkin, President
CENTRO CLINIC LLC
an Oregon Limited Liability Company
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We are **CENTRO CLINIC LLC**, an Oregon limited liability company. We administer a system of full service, bilingual (Spanish and English) chiropractic care centers. We offer franchises to licensed chiropractors and qualified entities to convert their existing chiropractic clinics to the Centro Clinic franchise system. This is done under the "**Centro**SM" names and logos.

The total investment necessary to begin operation of a Centro franchise is approximately **\$24,250 to \$310,150** for conversion of an existing clinic to the Centro system. The initial fee is **\$12,500**. See Items 5, 6 and 7 for more detailed information.

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 or grant. **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 our President, Dr. David Junkin, at 12205 SW Tualatin Road, #270, Tualatin, Oregon 97062, (503) 625-0152.

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 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 REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN OREGON. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN OREGON THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT OREGON 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. YOU MUST MAINTAIN MINIMUM PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN THE TERMINATION OF YOUR FRANCHISE AND THE LOSS OF YOUR INVESTMENT.
4. YOU AND ALL OF YOUR PARTNERS, MEMBERS, SHAREHOLDERS, OR OWNERS MUST PERSONALLY SIGN THE FRANCHISE AGREEMENT OR JOINTLY SEVERALLY, IRREVOCABLY, AND UNCONDITIONALLY GUARANTEE TO US THE DUE AND PUNCTUAL OBSERVANCE AND PERFORMANCE BY YOU OF ALL OF YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND ANY OTHER AGREEMENT TO WHICH YOU AND WE ARE PARTIES AND, IN PARTICULAR, THE TERMS OF THAT GUARANTEE. (Franchise Agreement, Section 10.14)
5. YOU AGREE TO WAIVE ANY CLAIMS, DEMANDS, OR DAMAGES ARISING FROM OR RELATED TO OUR UNCONDITIONAL RIGHT TO TRANSFER THE FRANCHISE AGREEMENT OR TO SELL OUR ASSETS, THE SERVICE MARKS, OR THE CENTRO CLINIC SYSTEM. (Franchise Agreement, Section 8.1(c))
6. YOU WILL HAVE NO EXCLUSIVE, PROTECTED, OR RESERVED TERRITORY EXCEPT THAT WE GENERALLY REQUIRE NEW FRANCHISEES TO BE LOCATED NO CLOSER THAN ONE TO ONE AND ONE-HALF MILES FROM YOUR FRANCHISE PREMISE BUT THIS POLICY WILL BE MODIFIED IN CASES WHERE GEOGRAPHIC/DEMOGRAPHIC CHARACTERISTICS OF THE MARKET DICTATE CLOSER PLACEMENT. (Franchise Agreement, Section 2.9)

7. WE RESERVE THE RIGHT TO MARKET FOR SERVICES IRRESPECTIVE OF WHERE THE PATIENT IS LOCATED OR THE TRANSACTION IS TAKING PLACE. (Franchise Agreement, Section 2.8).
8. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
9. THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER.
10. THE RECURRING FEES THAT YOU ARE REQUIRED TO PAY TO US, INCLUDING THE ROYALTY FEE, ADVERTISING FEE, AND TECHNOLOGY AND BILLING FEE EQUAL 40% OF ANY ADDITIONAL INCOME YOU RECEIVE ABOVE YOUR AVERAGE MONTHLY INCOME FOR THE PREVIOUS 12 MONTHS.
11. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT OREGON LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO THE STATE LAW ADDENDUM THAT IS ATTACHED TO THE DISCLOSURE DOCUMENT FOR DETAILS.

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

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