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**FRANCHISE DISCLOSURE DOCUMENT**



**Churroholic Franchising, Inc**  
a California corporation  
12602 Hoover Street  
Garden Grove, California 92841  
877 588 3209  
www churroholic com  
www facebook com/@thechurroholic  
twitter com/@churroholic

The franchise offered is for the operation of a fast casual counter-order/table service restaurant that features a variety of handcrafted churros and churro glazes, as well as other foods and drinks in a casual atmosphere (a “CHURROHOLIC® Restaurant” or “Restaurant”)

The total investment necessary to begin operation of a CHURROHOLIC® Restaurant ranges from \$477,500 to \$727,500 These totals include initial fees ranging from \$145,500 to \$178,500 that must be paid to us

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 Sky Minh Hoang, 12602 Hoover Street, Garden Grove, California 92841 - 877 588 3209

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 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](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

Date of Issuance August 29, 2019

## **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 "L" 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 YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND BY LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA AND TO SUE US IN CALIFORNIA THAN IN YOUR OWN STATE.**

**2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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 FRANCHISOR IS UNDERCAPITALIZED AND MAY NOT BE ABLE TO MEET PRE-OPENING OBLIGATIONS TO ALL FRANCHISEES.**

**4 FRANCHISEES MUST ALSO SIGN A PERSONAL GUARANTY, MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT IF YOU ARE MARRIED. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.**

**5 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.

The effective dates of this disclosure document in the states with franchise registration laws in which we have sought registration appear on the following page.

**CHURROHOLIC  
State Effective Date**

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

This document is effective and may be used in the following states where the document is filed, registered or exemption from registrations, as of the Effective Date stated below

STATE	EFFECTIVE DATE(S)
California	Effective _____, 2019
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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