



FRANCHISE DISCLOSURE DOCUMENT FAST UNDERCAR FRANCHISE CORP. A California Corporation 4277 Transport Street Ventura, California 93003 (805) 676-3410 http://www.fastundercar.com

<u>Franchise Business</u>: FAST UNDERCAR® franchisees will operate a distribution outlet specializing in selling undercar and other automotive aftermarket parts, supplies and accessories primarily to professional repair facilities and other commercial customers.

<u>Total Initial Investment</u>: We estimate that, as of the Effective Date of this disclosure document, the total initial investment to open and begin operating a single FAST UNDERCAR® outlet will range from \$485,000 to \$859,500 for start-up franchisees and from \$54,800 to \$805,000 for conversion operators. This includes \$12,500 that must be paid to the franchisor or its affiliates. If you purchase area development rights and your development obligations span several years, your total initial investment per FAST UNDERCAR® outlet may increase with time due to inflation and changes in market conditions, which we cannot estimate.

In select cases, we grant area development rights to qualified candidates who commit to open at least 5 outlets within a prescribed time frame in a territory that we define. We charge a Territorial Rights Fee for the exclusive development rights, which we compute as a multiple of the number of outlets that you commit to open times the Initial Franchise Fee per outlet, which at this time is \$12,500. Therefore, if you commit to open 5 outlets, the total Territorial Rights Fee is \$62,500. You pay the entire Territorial Rights Fee when you sign the Area Development Agreement, and we credit \$12,500 of the Territorial Rights Fee to the Initial Franchise Fee each time you sign a new Franchise 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 Victor Davis, President, Fast Undercar Franchise Corp., 4277 Transport Street, Ventura, California 93003 (telephone (805) 676-3410); e-mail - info@fastundercar.com, victor@fastundercar.com.

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

Fast Underca



by writing to the FTC at 600 Pennsylvania Avenue, N.W., 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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about any 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 FIRST BY MEDIATION AT THE COMPANY'S HEADQUARTERS IN VENTURA, CALIFORNIA AND IF THAT PROCESS DOES NOT RESULT IN RESOLUTION BY LITIGATION IN CALIFORNIA. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND LITIGATE WITH 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. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 4. 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.
- 5. WE MAY CONDITION THE AWARD OF A FRANCHISE ON YOUR AGREEMENT TO MEET A MINIMUM SALES QUOTA. BEFORE YOU SIGN

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