

FRANCHISE DISCLOSURE DOCUMENT



Fuzzy's Taco Opportunities, LLC
A Texas limited liability company
200 Bailey Avenue, Suite 100
Fort Worth, Texas 76107
(817) 624-8226
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The franchise being offered is for a Baja-style Mexican food fast-casual restaurant under the name FUZZY'S TACO SHOP® and featuring simple, made-from-scratch favorites like huevos rancheros and breakfast tacos, Baja-inspired tacos and burritos filled with tempura fish, garlic shredded beef, or grilled shrimp, generous salads, traditional Mexican dinners, sandwiches, sides, and signature sauces.

The total investment necessary to begin operation of a FUZZY'S TACO SHOP® Restaurant franchise ranges from \$329,260 to \$1,068,210. This includes a franchise fee of \$35,000 that must be paid to us for the first Restaurant to be developed, \$30,000 for the second Restaurant, and \$25,000 for each additional Restaurant. If you are acquiring multi-unit rights under our development program, then you will sign our franchise development agreement and, at signing, you will pay us a development fee of up to 100% of the initial franchise fee for each Restaurant to be developed.

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 Karina Martinez, Franchise Administrator, 200 Bailey Avenue, Suite 100, Fort Worth, Texas 76107 or (817) 624-8226.

The terms of your contract will govern your franchise relationship. Don't 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-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 DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B 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 LITIGATION ONLY IN TEXAS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE. THE DEVELOPMENT AGREEMENT ALSO REQUIRES PRE-LITIGATION DISPUTE RESOLUTION THROUGH MEDIATION.
2. THE FRANCHISE AGREEMENT STATES THAT TEXAS 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. THE FRANCHISE AGREEMENT GIVES US THE RIGHT TO ESTABLISH THE MAXIMUM AND/OR MINIMUM RETAIL PRICES YOU MAY CHARGE CUSTOMERS FOR THE PRODUCTS AND SERVICES WE AUTHORIZE YOU TO OFFER AND SELL. YOU MUST COMPLY WITH MINIMUM AND MAXIMUM PRICES SET BY THE FRANCHISOR FOR THE GOODS AND SERVICES YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.
4. THE FRANCHISE AGREEMENT REQUIRES EACH OF YOUR OWNERS, AND THE SPOUSE OF EACH OWNER WHO IS AN INDIVIDUAL, TO SIGN A PERSONAL UNDERTAKING AND GUARANTY, WHICH MIGHT PUT THEIR PERSONAL AND MARITAL ASSETS AT RISK. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
5. THE FRANCHISE AGREEMENT ALLOWS US TO CHARGE A TRANSFER FEE UPON A TRANSFER OF YOUR FRANCHISE. THIS COULD NEGATIVELY IMPACT YOUR ABILITY TO SELL YOUR FRANCHISE AND/OR YOUR PROFITABILITY FROM A SALE.
6. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY; YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR-OWNED

OUTLETS, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT FRANCHISOR CONTROLS.

7. FRANCHISOR HAS ELECTED THE REASONABLE BUSINESS JUDGMENT STANDARD IN ITS RELATIONSHIPS WITH FRANCHISEES. THIS MEANS THE FRANCHISOR IS NOT REQUIRED TO CONSIDER YOUR PARTICULAR ECONOMIC OR OTHER BUSINESS INTERESTS WHEN EXERCISING ITS JUDGMENT.
8. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT A FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING, BUT NOT LIMITED TO, A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, A LIMITATION OF DAMAGES, AND A WAIVER OF JURY TRIAL.
9. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See State Effective Dates Page

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