

## **ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language, this disclosure document uses "JPF", "we" or "us" to mean Juan Pollo Franchising, Inc, doing business as Juan Pollo. We are the franchisor for the Juan Pollo system. "You" or "your" means the individual, corporation or other entity who buys the Juan Pollo franchise.

We conduct business under the trade name Juan Pollo (the "Brand"). Our principal business address is 1398 North "E" Street, San Bernardino, California 92405. We do not conduct business under any other name.

We have no parent entity.

Our affiliated entity Okura Pollo Enterprises, Inc, doing business as Chino Restaurant Supply ("CRS") provides processed chickens, materials containing the Brand and other restaurant supplies to our franchisees. CRS is a California corporation that was formed in February 2000. CRS is also located at 1398 North "E" Street, San Bernardino, California 92405. Otherwise, JPF is not controlled by, controlling, or under common control with any entity that provides goods or services to our franchisees or that offers franchises in any line of business.

### **Agent for Service of Process**

JPF's agent for service of process in California is Albert Okura, 1398 North "E" Street, San Bernardino, California 92405.

### **Business Organization Used by the Franchisor**

We are a corporation incorporated in California on July 26, 2011.

### **Prior Experience**

JPF has not previously offered franchises of this or any other type of business. Nor have we ever offered franchises in other lines of business. JPF does not and will not operate Juan Pollo outlets. JPF does not engage in other business activities.

| We ~~began~~ began offering Juan Pollo franchises in March 2012.

The Juan Pollo concept was originated by Albert Okura in 1984. Our affiliated entity Juan Pollo, Inc ("JPI"), a California corporation also located at 1398 North "E" Street, San Bernardino, California 92405, owns and operates a Juan Pollo chicken restaurant at 1256 West 5th Street, San Bernardino, California 92411 (opened January 1986). Also companies affiliated with JPF own and operate Juan Pollo chicken restaurants at 5491 Philadelphia Street, Chino, California 91710 (opened July 1996) and 1014 East Highland Avenue, San Bernardino, California 92404 (opened November 1998). The President of JPF and 2 partners own and operate a Juan Pollo chicken restaurant at 413 East Main Street, Barstow, California 92311 (opened August 2005). Additionally, there are 27 Juan Pollo chicken restaurants currently owned and operated in southern California by former employees of JPI and their immediate family members and 2 Juan Pollo chicken restaurants currently owned and



#### ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

#### ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single Outlet is \$20,000 (you must be an existing Juan Pollo licensee who is opening another outlet) The Initial Franchise Fee is due and payable in full, by wire transfer to our bank account, check or money order, when we have completed our initial obligations to you as franchisor and your Outlet is open and operating (or is ready to be opened and operated) under the Franchise Agreement. If you are a veteran of the U S Armed Services who was honorably discharged, we will discount the Initial Franchise Fee for your initial Outlet by 15%

The entire Initial Franchise Fee is fully earned by JPF when paid and no refunds are available under any circumstances

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens

#### ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty <sup>1</sup>	3.5% of your weekly Gross Revenues until \$500,000 in aggregate Gross Revenues have been received by you during that calendar year, and then 2.5% of your weekly Gross Revenues for the remainder of that calendar year	Paid weekly on each Wednesday of the next week <sup>2</sup>	Gross Revenues include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority. On each January 1 the Royalty resets to 3.5% and is subject to reductions on the same basis as the prior year.
Marketing, Advertising and Promotion Fees <sup>1</sup>	1% of Gross Revenues <sup>3</sup>	Paid weekly on each Wednesday of the next week <sup>2</sup>	Beginning on the Opening Date. On the 4th anniversary of the effective date of the Franchise Agreement, this fee increases to 1.5% of Gross Revenues.
Grand Opening Advertising and Promotion Expenses	At least \$2,500	Within 60 days after the Opening Date	Within the first 60 days after the Opening Date, in addition to the amount to be spent on local marketing of your Outlet as a part of the Marketing and Promotion Fee, you must spend in your Territory at least \$5,000 on the grand opening advertising and promotion of your Outlet, using the grand opening promotional program that we approve.
Local Marketing and Promotion Expenses	At least 1% of Gross Revenues	As and when needed	Beginning 61 days after the Opening Date, you must spend at least 1% of your Gross Revenues on the local marketing, advertising and promotion of your Outlet.



Type of Fee	Amount	Due Date	Remarks
Initial Training Fee for Additional Attendees <sup>1</sup>	\$1,500 <sup>5</sup> (for each attendee)	At time of training <sup>2</sup>	Initial Training is provided to your General Manager and one Principal Equity Owner at no additional charge. Additional attendees of Initial Training, including replacement General Managers, must pay \$1,500 for each subsequent attendee for Initial Training. You must pay the costs of travel, lodging and meals for all trainees.
Additional Training Fee <sup>1</sup>	Up to \$750 <sup>5</sup> (per day)	At time of training <sup>2</sup>	After you open your Outlet, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs. We may, at our discretion, charge an additional training fee of up to \$750 per day for Juan Pollo training courses, seminars, conferences or other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings.
Renewal Fee <sup>4</sup>	\$500 <sup>5</sup>	Due within 30 days after your receipt of written notice of the expiration date of your Franchise Agreement <sup>2</sup>	You are qualified for renewal if all fees due are paid and you are not in breach of any term of your Franchise Agreement.
Transfer Fee <sup>1</sup>	\$10,000 <sup>5</sup>	Before completion of the transfer <sup>2</sup>	Payable when you sell your franchise. No transfer fee if franchise is transferred to a corporation owned solely by you. No fee is due if franchise is transferred to an heir, conservator or personal representative upon your death, legal disability or dissolution of your corporation.
Operations Manual <sup>1</sup>	\$5,000	On Demand <sup>2</sup>	If you lose or allow the unauthorized duplication of the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you may be required to pay us the sum of \$5,000 (this amount may be adjusted by changes in the CPI since the Effective Date) within 30 days after our demand for payment, and you will be deemed to be in violation of this Agreement and all other agreements you have with JPF and our affiliated entities.
Late Payment Penalty <sup>1</sup>	5% of the delinquent amount plus interest <sup>2</sup>	Immediately upon demand for payment <sup>2</sup>	Interest is assessed at an annual percentage rate ("APR") of 10% <u>but not to exceed the maximum rate allowed by law</u> .
Records and Rights of Inspection (Audit) <sup>1</sup>	Cost of audit plus interest on underpayment	Immediately upon demand for payment <sup>2</sup>	Due only if audit discloses an understatement of 5% or more in gross sales for any month or it takes our auditors an unreasonable amount of time (more than 8 hours) to assemble your records for audit.

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