

FRANCHISE DISCLOSURE DOCUMENT

MUCHO BURRITO FRANCHISING USA, INC.

9311 East Via De Ventura
Scottsdale, Arizona, 85258-888-729-7482
franchising@muchoburrito.com
www.muchoburrito.com



The franchise is offered for the rights to operate a franchised restaurant from The Mucho Burrito Franchising USA, Inc. (“**Mucho Burrito**”), which specializes in fast casual restaurants offering burritos, quesadillas, tacos, nachos, and other assorted foods and drinks, including an option Mexican beer program and other menu items related to the Mucho Burrito concept, as we may authorize periodically, using the trademark MUCHO BURRITO®. We also offer to select qualified persons and/or companies the opportunity to acquire the right to license our Marks and confidential recipes for use in operating at a food facility that services colleges, universities and other institutions.

The total investment necessary to begin operation of a Mucho Burrito franchise ranges between \$275,760 and \$631,750, including an Initial Franchise Fee of \$30,000, a lease review fee of up to \$1,250, and \$75,000-\$150,000 for the purchase of equipment and furniture, for a total of \$100,000 to \$178,000 that must be paid to the franchisor. If you sign an Institutional License, the total investment necessary to begin operation of Mucho Burrito institutional franchise ranges between \$263,260 and \$634,250, including a total of \$193,500 to \$439,972 that must be paid to the franchisor.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement or make any payment in connection with the 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 Ray Zandi, 9311 East Via de Ventura, Scottsdale, Arizona, 85258, 1-888-729-PITA (7482) or (480) 515-6250.

The terms of your contract will govern your franchise relationship. Do not 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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” is available from the FTC. 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 for additional information

There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 1, 2018

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 E** 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 ONLY IN PHOENIX, ARIZONA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN PHOENIX, ARIZONA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE AND OUR AFFILIATES MAY ESTABLISH OTHER CHANNELS OF DISTRIBUTION AND SELL OR DISTRIBUTE ANY PRODUCTS OR SERVICE TO THE GENERAL PUBLIC UNDER THE SAME AND/OR DIFFERENT TRADEMARK IN COMPETITION WITH THE FRANCHISE.
4. SPOUSE(S) OF FRANCHISE OWNERS AND DEVELOPERS MUST SIGN A PERSONAL GUARANTEE AND INDEMNITY MAKING SUCH SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH SPOUSES ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSE(S) AT RISK IF YOUR FRANCHISE FAILS.
5. YOU MUST SIGN A SECURITY AGREEMENT GIVING US A FIRST PRIORITY INTEREST IN ALL PRESENT AND FUTURE ACCOUNTS, INVENTORY, EQUIPMENT, INTANGIBLES, PROCEEDS AND INTEREST IN THE FRANCHISE. THIS SECURITY INTEREST MAY IMPAIR YOUR ABILITY TO OBTAIN FINANCING FOR YOUR OPERATIONS.
6. PLEASE NOTE THAT APPROXIMATELY 95% OF FRANCHISOR'S ASSETS ARE INTANGIBLE OR INVESTMENTS IN SUBSIDIARIES. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
7. 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.

FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES

The following states require that the Disclosure Document be registered or filed with the state 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 Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

California	Effective date:	March 1, 2018
Florida	Effective date :	March 1, 2018
Hawaii	Effective Date:	Not registered
Illinois	Effective date:	Not registered
Indiana	Effective date:	Not registered
Kentucky*	Effective date:	Not registered
Maryland	Effective date:	Not registered
Michigan	Effective date	March 1, 2018
Minnesota	Effective date:	Not registered
Nebraska*	Effective date:	Not registered
New York	Effective date:	March 1, 2018
North Dakota	Effective date:	Not registered
Rhode Island	Effective date:	Not registered
South Dakota	Effective date:	Not registered
Texas*	Effective date	July 30, 2010
Utah	Effective date:	Not registered
Virginia	Effective date:	Not registered
Washington	Effective date	March 1, 2018
Wisconsin	Effective date:	Not registered

In all other states, the effective date of this Franchise Disclosure Document is March 1, 2018

* Denotes one-time filing

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