

FRANCHISE DISCLOSURE DOCUMENT



Panchero's Franchise Corporation
an Illinois Corporation
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The franchise is for a PANCHERO'S® restaurant featuring burritos, quesadillas, tacos, burrito bowls, salads, rice, salsa, and other food and beverage products.

The total investment necessary to begin operation of a PANCHERO'S® franchise ranges from ~~\$346,575~~ \$348,825 to ~~\$794,040~~ \$796,540 (including initial real estate lease costs). This includes the \$30,000 initial franchise fee if you develop a single Franchised Restaurant, or the \$25,000 initial franchisee fee if you develop multiple Franchised Restaurants under an Area Development Agreement. If you acquire development rights you will sign our Area Development Agreement and, upon signing, you will pay us a development fee equal to 100% of the first initial franchise fee due for the first Franchised Restaurant and \$10,000 of the initial franchise fee due for each additional Franchised Restaurant you commit to develop.

This disclosure document summarizes certain provisions of your franchise agreement and area development agreement, as well as 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 Kinsey Bartlett, Franchise Development Coordinator, 2475 Coral Court, Suite B, Coralville, Iowa 52241, kinseyb@pancheros.com, (319) 545-6565.

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 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.

Issuance date: ~~March 26, 2013 as amended December 6, 2013~~ April 17, 2014

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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 A 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 AND AREA DEVELOPMENT AGREEMENT GENERALLY REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN IOWA. 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 IOWA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT IOWA 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. 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.

Effective Date: See State Effective Dates Page

STATE EFFECTIVE DATES

The following states require that the Franchise 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, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	May 7, 2013 as amended December 23, 2013
Hawaii	April 30, 2013 as amended December 26, 2013
Illinois	April 22, 2013 as amended December 17, 2013 <u>21, 2014</u>
Indiana	April 22, 2013 as amended December 6, 2013 <u>21, 2014</u>
Maryland	May 6, 2013 as amended December 19, 2013
Michigan	March 26, 2013 as amended December 6, 2013 <u>April 21, 2014</u>
Minnesota	April 29, 2013 as amended December 19, 2013
New York	June 28, 2013 as amended December 27, 2013
North Dakota	May 13, 2013 as amended January 7, 2014
Rhode Island	April 25, 2013 as amended December 17, 2013 <u>22, 2014</u>
South Dakota	April 22, 2013 as amended December 6, 2013
Virginia	May 29, 2013 as amended January 9, 2014
Washington	May 15, 2013 as amended December 16, 2013
Wisconsin	April 18, 2013 as amended December 16, 2013 <u>18, 19, 2014</u>

In states that do not require a franchise registration or exemption filing, the effective date of this Franchise Disclosure Document is the issuance date of ~~March 26, April 17, 2014~~ 2013 as amended December 6, 2013.

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