

SMASHBURGER

FRANCHISE DISCLOSURE DOCUMENT

SMASHBURGER FRANCHISING LLC
a Delaware Limited Liability Company
3900 East Mexico Avenue, Suite 1100
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Received
LA Mailroom

DEC 30 2016

Department of
Business Oversight

The franchise is the right to establish and operate a Smashburger restaurant featuring hamburgers, sandwiches, salads, other food items and beverages.

The total investment necessary to begin operation of each of your Smashburger Restaurants is estimated to be \$591,865 to \$1,260,122. This includes \$36,500 to \$71,500 that must be paid to franchisor or its affiliates. If we grant you area development rights, the total investment necessary to acquire these rights is estimated to be \$20,000 to \$480,000 (based on a standard 2 to 25 restaurant development deal, determined by multiplying \$20,000 by the total number of restaurants you agree to develop, less one), all of which must be paid to franchisor or its affiliates. See Items 5-7 of this Disclosure Document for further explanation concerning the total investment.

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 government 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 Smashburger Franchising LLC, 3900 East Mexico Avenue, Suite 1100, Colorado, 80210, (303) 633-1500.

The terms of your contract will govern your franchise relationship. Don't rely on this 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 23, 2016; as amended December 29, 2016.

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.

THE FRANCHISE AGREEMENT DOES 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 MULTI-UNIT DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN COLORADO. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN COLORADO THAN IN YOUR HOME STATE.

2. THE MULTI-UNIT DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT STATE THAT COLORADO 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. UNDER SERVICING AGREEMENTS DATED MARCH 5, 2008, OUR AFFILIATES, SMASHBURGER SERVICING AND SMASHBURGER PURCHASING WILL PERFORM CERTAIN OF OUR OBLIGATIONS UNDER FRANCHISE AGREEMENTS WE ISSUE.

4. YOU ARE NOT GRANTED AN EXCLUSIVE TERRITORY UNDER THE FRANCHISE AGREEMENT.

5. IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT. THE SPOUSES OF THE OWNERS MAY ALSO BE REQUIRED TO CONSENT TO THE GUARANTY, WHICH PLACES THE SPOUSES' MARITAL ASSETS AT RISK.

6. THE FRANCHISOR WILL PERIODICALLY SET A MAXIMUM AMOUNT OF DEBT YOU MAY SERVICE AND A MINIMUM AMOUNT OF LIQUIDITY YOU MUST MAINTAIN. IF YOU FAIL TO COMPLY WITH THESE REQUIREMENTS, THE FRANCHISOR MAY TERMINATE YOUR AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.

7. THE FRANCHISOR RESERVES THE RIGHT TO REQUIRE THAT YOU COMPLY WITH MAXIMUM AND MINIMUM PRICES IT SETS FOR THE GOODS AND SERVICES YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.

8. IF YOU FAIL TO OPEN YOUR RESTAURANT WITHIN 150 DAYS OF SIGNING THE LEASE OR WITHIN 1 YEAR AFTER YOU SIGN THE FRANCHISE AGREEMENT (OR THE DEADLINE SPECIFIED IN YOUR MULTI-UNIT DEVELOPMENT AGREEMENT FOR YOUR FIRST DEVELOPED RESTAURANT) THE FRANCHISOR MAY TERMINATE THE FRANCHISE AGREEMENT.

9. FAILURE TO MAINTAIN THE DEVELOPMENT SCHEDULE MAY RESULT IN LOSS OF YOUR TERRITORIAL PROTECTIONS AND TERMINATION OF THE MULTI-UNIT DEVELOPMENT AGREEMENT.

10. LIQUIDATED DAMAGES WILL BE REQUIRED IF THE FRANCHISE AGREEMENT IS TERMINATED BY US, OR BY YOU WITHOUT CAUSE.

11. 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 the next page for state effective dates.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/smashburger>