

FRANCHISE DISCLOSURE DOCUMENT

THE TACO MAKER, INC.

a Delaware corporation
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Under this Disclosure Document, we offer franchises for the operation of quick service restaurants and express restaurants operating under the name “The Taco Maker”, “Taco Maker Mexican Grill” or “Jake’s”, and shops operating under the names “Jake’s Frozen Yogurt...” or “Mayan Juice”. “The Taco Maker” and “Taco Maker Mexican Grill” restaurants offer Mexican food, including tacos, burritos, nachos, and taco salads, as well as beverages and other complementary food items. “Jake’s” restaurants offer distinctive ice cream shakes, burgers, fries, cheese fries, chicken sandwiches, yogurt, beverages and other complementary food items. If your restaurant will be located in a shopping mall food court setting, it will be a standard restaurant. If your restaurant will be located in a shopping mall but outside of the food court, it will be an express restaurant. Jake’s Frozen Yogurt Shops offer frozen desserts. Mayan Juice Shops offer beverages incorporating real fruit juices blended with fruit, berries, ice and other flavorful ingredients. We will not sell a franchise for a stand-alone Mayan Juice Shop; a Mayan Juice Shop must be opened in combination with either The Taco Maker Restaurant, Taco Maker Mexican Grill, Jake’s Restaurant or Jake’s Frozen Yogurt Shop.

The total investment necessary to begin operation of a standard The Taco Maker, Taco Maker Mexican Grill, or Jake’s franchise is \$232,500 to \$510,500. This includes between \$38,500 to \$48,500 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of an express The Taco Maker, Taco Maker Mexican Grill or Jake’s franchise is \$151,750 to \$274,125. This includes between \$21,000 to \$31,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a standard or express Restaurant in a mall location is \$146,750 to \$297,625. This includes between \$21,000 to \$48,500 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Jake’s Frozen Yogurt Shop is \$112,532 to \$271,200. This includes between \$16,000 to \$26,000 that must be paid to the franchisor and/or its affiliate.

If you qualify to be a Multi-Unit Operator to develop multiple Restaurants and/or Shops within a specific area, you will pay a multi-unit rights fee equal to 100% of the initial franchise fee for the first Restaurant or Shop to be developed plus 50% of the initial franchise fee for each additional Restaurant or Shop to be developed under the Multi-Unit Operator Agreement. The multi-unit rights fee is applied pro rata to the initial franchise fees due for each restaurant to be developed after the first. Your estimated initial investment will vary based on the number of Restaurants or Shops to be developed.

We are offering to certain qualified people the right to become a Development Agent. A Development Agent must pay a Development Agent Rights fee that will begin at \$100,000 and will

depend on the size of the development area. The estimated initial investment will vary based on the number of franchises 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 the 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 or grant. **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 Ricardo Rivera at Caribe Building, 11th Floor, Calle Palmeras #53, San Juan, Puerto Rico 00901 and (787) 273-3160.

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, DC 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 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, MULTI-UNIT OPERATOR AND DEVELOPMENT AGENT AGREEMENTS REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN PUERTO RICO. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN PUERTO RICO THAN IN YOUR HOME STATE.**
2. **THE FRANCHISE, MULTI-UNIT OPERATOR AND DEVELOPMENT AGENT AGREEMENTS STATE THAT PUERTO RICO LAW GOVERNS THE AGREEMENTS, 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 the next page for the state effective dates.

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