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FRANCHISE DISCLOSURE DOCUMENT (Alair Homes Unit Franchises)

Alair Enterprises USA, Inc.
(an Arizona corporation)
1930 Island Diesel Way
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Alair Enterprises USA, Inc. offers franchises for the operation of businesses that provide high quality custom home building services, home renovation services and commercial contracting services under the Alair Homes® service marks.

The total investment necessary to begin operation of an Alair Homes Franchise is between \$104,900 and \$183,850. This includes \$73,650 that must be paid to us.

This Franchise 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 Franchise Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however that no governmental agency has verified the information contained in this Franchise Disclosure Document.**

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Blair McDaniel at Alair Enterprises USA, Inc., 1930 Island Diesel Way, Nanaimo, British Columbia V9S 5W8, Canada and (250) 754-5500.

The terms of your contract will govern your franchise relationship. Don't rely on the Franchise Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise Disclosure Document can help you make up your mind. More information on franchising, such as "*Buying a Franchise, A Consumer Guide*" which can help you understand how to use this Franchise 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 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 FRANCHISE DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors 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 AND, UNDER LIMITED CIRCUMSTANCES, LITIGATION, IN ARIZONA ONLY. 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 ARIZONA THAN IN YOUR HOME 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. IF YOU ARE A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, YOUR OWNERS (AND THEIR SPOUSES) WILL HAVE TO GUARANTEE YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF THE FRANCHISE AGREEMENT.**
- 4. REGIONAL DEVELOPERS DO NOT ENTER INTO AGREEMENTS WITH FRANCHISEES. THEREFORE, YOUR SOLE RECOURSE IN CASE OF ANY DISPUTE IS AGAINST THE FRANCHISOR.**
- 5. THE FRANCHISOR IS A DEVELOPMENT STAGE COMPANY (ORGANIZED ON JULY 23, 2013) WITH LIMITED FRANCHISE OPERATING HISTORY. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES THAT MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.**
- 6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$104,900 to \$183,850. THE LATTER AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF AUGUST 31, 2016, WHICH IS \$151,128.**
- 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 is our agent and 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.

The effective dates of this Franchise Disclosure Document in the states with registration laws are on the following page.

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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:

<u>State</u>	<u>Effective Date</u>
California	[pending]
Illinois	[pending]
Indiana	[pending]
Minnesota	[pending]
New York	[pending]
Washington	June 25, 2016

In all states other than the states that require the Franchise Disclosure Document to be registered or filed with the state, or exempt from registration, the effective date of this Franchise Disclosure Document is the issuance date of December 20, 2016.

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