

FRANCHISE DISCLOSURE DOCUMENT



BIG BOB'S FLOORING OUTLET OF AMERICA, INC. A Missouri Corporation 10001 W 75th Street Shawnee Mission, KS 66204 Phone: 913.789.7773 Fax 913.789.7126

Email: franchise@bigbobsflooring.com Website: www.bigbobsflooring.com

The Franchise offered is a BIG BOB'S FLOORING OUTLET store. The franchisee will operate a BIG BOB'S FLOORING OUTLET store which will sell at retail 1st quality running line; promotional goods; overruns; factory seconds; mill drops; blemished goods; off merchandise; cabin grades; scratch and dent; salvage; plunder; discontinued merchandise and mill take-ups or mill seconds. The franchisee is granted the right to operate three (3) stores in the Franchise Territory. To retain this Franchise Territory, the franchisee must open a minimum of three (3) stores within the seven (7) year term of the first signed Franchise Agreement. The franchisee may also purchase an Expansion Territory anywhere an offering is available.

The total investment necessary to begin operation of a BIG BOB'S FLOORING OUTLET franchise ranges from \$285,299.00 to \$489,099.00. This includes \$45,000.00 that must be paid to the franchisor or affiliate.

This 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 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.

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 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 "Buying a Franchise, A Consumer Guide," 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.

Issuance date: March 10, 2014



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 constitute approval, recommendation, or endorsement by the department of law or that it has verified the information in this disclosure document. Call the state franchise administrator listed in Exhibit D 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 LITIGATION ONLY IN JOHNSON COUNTY, KANSAS. 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 KANSAS THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT <u>KANSAS</u> 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. THE FRANCHISOR MAY AUTOMATICALLY SHIP APPROXIMATELY \$1,928.00 IN DISPLAY SYSTEMS, IN-STORE GRAPHICS AND SIGNAGE PACKAGES PER STORE ANNUALLY, EVEN IF THEY ARE NOT NEEDED OR THERE IS A CHEAPER SUPPLIER AVAILABLE.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. You should be sure to do your own investigation of the franchise.

The effective dates for the state registrations appear on the next page.

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