



Certified Flooring Replacement Network, LLC
A Tennessee Limited Liability Company
588 Nashville Pike, Gallatin, Tennessee 37066
615-230-5966
www.certifiedflooringnetwork.com

Franchise Disclosure Document

We franchise the right to operate a single “Certified Flooring Replacement Network” franchised business (each, a “CFRN Business” or a “Franchised Business”) focused on providing floor covering evaluation, restoration, repair and replacement for residential, industrial and commercial properties

The total investment necessary to begin operation of a CFRN Business is between \$91,000 and \$196,000 This includes \$46,667 and \$67,500 that must be paid to the franchisor and/or its affiliates

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 us 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 Todd Havens at 588 Nashville Pike, Gallatin, Tennessee, 37066 or by phone at 615-230-5966

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read your entire 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 “[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 D to this Franchise Disclosure Document 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 AT OUR OPTION, THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION ONLY IN SUMNER COUNTY, TENNESSEE. OUT-OF-STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN TENNESSEE THAN IN YOUR OWN STATE.

2 ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN SUMNER COUNTY, TENNESSEE. IT MAY COST YOU MORE TO LITIGATE WITH US IN TENNESSEE THAN IN YOUR OWN STATE.

3 THE FRANCHISE AGREEMENT STATES THAT IT IS GOVERNED BY TENNESSEE LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS.

4 IF YOU ARE AN INDIVIDUAL, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH SHAREHOLDER/PARTNER/MEMBER/MANAGER OF FRANCHISEE AND THEIR RESPECTIVE SPOUSES MUST EXECUTE A PERSONAL GUARANTY. THIS GUARANTY WILL PLACE THE PERSONAL ASSETS AND MARITAL ASSETS OF EACH INDIVIDUAL AT RISK IF YOUR FRANCHISE FAILS. THOSE WHO SIGN A PERSONAL GUARANTY WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS.

5 FAILURE BY YOU OR YOUR EMPLOYEE TO COMPLETE THE INITIAL TRAINING PROGRAM TO OUR SATISFACTION IS A MATERIAL BREACH OF THE FRANCHISE AGREEMENT AND WE MAY TERMINATE THE FRANCHISE AGREEMENT.

6 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY DUE TO OUR RIGHT TO ESTABLISH AND SERVICE NATIONAL/REGIONAL ACCOUNTS IN YOUR FRANCHISE TERRITORY.

7 THE CONTINUATION OF THE FRANCHISE AGREEMENT IS DEPENDENT UPON YOUR ACHIEVEMENT OF MINIMUM GROSS SALES SPECIFICALLY, YOU MUST MAINTAIN THE FOLLOWING MINIMUM LEVELS OF MONTHLY GROSS SALES OF (I) \$25,000 PER MONTH IN YOUR FIRST FULL CALENDAR YEAR OF OPERATION, (II) \$41,667 PER MONTH IN YOUR SECOND FULL CALENDAR YEAR OF OPERATION, (III) \$58,333 PER MONTH IN YOUR THIRD FULL CALENDAR YEAR OF OPERATION, AND (IV) 10% GROWTH ON THE MINIMUM MONTHLY GROSS SALES FOR EACH YEAR AFTER YOUR THIRD YEAR OF OPERATION

8 WE ARE A DEVELOPMENT STAGE COMPANY WITH A LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THE INVESTMENT AND DUE IN PART TO THIS LIMITED FRANCHISE OPERATING HISTORY, OUR FINANCIAL RESOURCES MAY BE INADEQUATE TO PERFORM OUR PRE-OPENING OBLIGATIONS AND PAY OPERATING EXPENSES

9 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 Dates in the Registration States are Listed on the Following Page.]

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