

FRANCHISE DISCLOSURE DOCUMENT



COLORTYME, INC.
5000 Legacy Drive, Suite 210
Plano, Texas 75024
(972) 403-4905
www.colortyme.com

The franchises described in this Disclosure Document are for rental businesses which provide “rental purchase” programs for a specialized inventory of rental products, such as televisions, audio-video equipment, appliances, furniture, jewelry and computers as well as the sale of related accessories. In addition, in states with favorable laws, we offer financial services, including payday and title loans. Both payday and title loans are optional programs available to our franchisees.

The total investment necessary to begin operation of a ColorTyme Rental Store is \$449,825 to \$698,250. This includes \$30,960 to \$61,451 that must be paid to the franchisor or its affiliates. The total investment necessary to convert your existing store to a ColorTyme Rental Store is \$24,775 to \$135,500. This includes \$16,557 to \$63,661 that must be paid to the franchisor or its affiliates.

The franchisor also offers a development program for a specified area within which a Developer must open an agreed-upon number of ColorTyme Rental Stores according to a development agreement, with a separate franchise agreement for each Store. The development fee is \$5,000 for each Rental Store to be opened, which fee will be credited towards the initial franchise fee for each Rental Store.

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 governmental agency has verified the information contained in this Disclosure 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 our franchise administration department at 5000 Legacy Drive, Suite 210, Plano, Texas, 75024; (972) 403-4905.

The terms of your contract will govern your franchise relationship. Do not 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, 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.

Date of Issuance: April 30, 2013

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 H* 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 AND DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE ARBITRATED AND LITIGATED ONLY IN TEXAS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN TEXAS THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT TEXAS 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. YOUR SPOUSE AND THE SPOUSES OF THE FRANCHISE OFFICERS, DIRECTORS, PARTNERS AND SHAREHOLDERS, AS THE CASE MAY BE, MUST SIGN A PERSONAL GUARANTY OF THE FRANCHISE OBLIGATIONS. SUCH SPOUSES ARE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS OF THE FRANCHISE, WHETHER OR NOT INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Local law may supersede these Franchise Agreement and Development Agreement provisions. Certain states require the superseding provisions to appear in an addendum in this Disclosure Document.

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State registration effective dates are listed on the following State Registrations page.

**COLORTYME, INC.
STATE REGISTRATIONS**

This Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure laws:

STATE	EFFECTIVE DATE
California	April 30, 2013
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
New York	
North Dakota	May 20, 2013
Rhode Island	May 22, 2013
South Dakota	May 17, 2013
Utah	May 19, 2013
Virginia	
Washington	May 19, 2013

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