

FRANCHISE DISCLOSURE DOCUMENT



Engel & Völkers Americas, Inc.
A Delaware corporation
430 Park Avenue
11th Floor
New York, NY 10022
212-234-3100
americas@engelvoelkers.com
www.evrealstate.com

The franchise offered is the right to own and operate an Engel & Völkers Residential Real Estate Brokerage for the marketing of residential property.

The total investment necessary to begin operation of an Engel & Völkers Residential Real Estate Brokerage franchise is \$93,050 to \$298,230 for a conversion real estate brokerage and \$178,050 to \$433,230 for a start-up real estate brokerage. This includes the \$35,000 to \$37,498 that must be paid to the franchisor or its affiliate.

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 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 Anthony Hitt, James Ramsay or Ulrike Cohen at 430 Park Avenue, 11th Floor, New York, NY 10022, 212-234-3100.

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, N.W., 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.

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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 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 LICENSE AGREEMENT AND THE ATTACHED TERMS OF SALE AND SUPPLY REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN NEW YORK OR IN ANY JURISDICTION IN WHICH YOU ARE DOING BUSINESS. THE TERMS OF SALE AND SUPPLY REQUIRE YOU TO RESOLVE DISPUTES WITH ANY OF THE ENGEL & VÖLKERS GROUP IN GERMANY. 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 NEW YORK OR WITH ANY OF THE ENGEL & VÖLKERS GROUP IN GERMANY THAN IN YOUR OWN STATE.
2. THE LICENSE AGREEMENT REQUIRES THAT NEW YORK LAW GOVERN THE AGREEMENT. THE TERMS OF SALE AND SUPPLY REQUIRE THAT NEW YORK LAW GOVERN SALES OF GOODS OR SERVICES IF WE ARE THE SELLER, OR THAT GERMAN LAW GOVERN SALES IF ANY OF THE ENGEL & VÖLKERS GROUP MAKES THE SALES. THESE LAWS MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE MAY REQUIRE YOUR SPOUSE AND EACH SPOUSE OF THE FRANCHISE OWNERS TO SIGN A PERSONAL GUARANTY MAKING THEM JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF YOU, YOUR SPOUSE AND YOUR COMPANY'S OWNERS AT RISK.
4. YOU MUST PAY US MINIMUM ROYALTY FEES OF \$1,000 AND A MINIMUM MARKETING FUND FEE OF \$1,250 EACH MONTH EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE.
5. WE ARE A MAJORITY OWNED SUBSIDIARY OF A COMPANY LOCATED IN GERMANY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 may pay this

person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See next page for state effective dates.

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