

## FRANCHISE DISCLOSURE DOCUMENT

Floorcoverings International, Ltd. 200 Technology Court, Suite 1200 Smyrna, Georgia 30082 800-955-4324 www.floorcoveringsinternational.com



The franchisee will conduct a mobile retail floor covering and window treatment business. The total investment necessary to begin operation of a Floorcoverings International franchise is \$133,000 to \$305,500. This includes \$70,000 to \$95,000 that must be paid to franchisor 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, 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 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, DC 20580. You can also visit the FTC's home page at <a href="www.ftc.gov">www.ftc.gov</a> 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.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Denise James at 200 Technology Court, Suite 1200, Smyrna, GA 30082 and 800-955-4324.

The issue date of this Franchise Disclosure Document ("FDD") is: March 26, 2010

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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 I 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 MEDIATION ONLY IN ATLANTA, GEORGIA. 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 GEORGIA THAN IN YOUR OWN STATE.
- 2. ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN GEORGIA. IT MAY COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 3. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 4. IT IS IMPORTANT TO NOTE THAT THE FRANCHISE COMPANY, INC. LIABILITIES EXCEED ITS TANGIBLE ASSETS, WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.
- 4. 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 your to us. You should be sure to do your own investigation of the franchise.
  - 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective dates for this Franchise Disclosure Document in the registration states are listed 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:

| STATE        | EFFECTIVE DATE |
|--------------|----------------|
| California   | Pending        |
| Florida      | April 1, 2010  |
| Hawaii       | Pending        |
| Illinois     | Pending        |
| Indiana      | Pending        |
| Maryland     | Pending        |
| Michigan     | Pending        |
| Minnesota    | April 5, 2010  |
| New York     | Pending        |
| North Dakota | Pending        |
| Rhode Island | Pending        |
| South Dakota | April 1, 2010  |
| Utah         | April 8, 2010  |
| Virginia     | Pending        |
| Washington   | Pending        |
| Wisconsin    | Pending        |

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of March 26, 2010.

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