

## FRANCHISE DISCLOSURE DOCUMENT

RECEIVED JAN 3 0 2014 SECURITIES ABM FRANCHISING GROUP, LLC a Delaware limited liability company 501 Technology Drive, Suite 3000 Canonsburg, PA 15317 (724) 873-2940 www.greenhomesamerica.com



The franchisee will operate a GREENHOMES AMERICA<sup>®</sup> service business engaging in home performance contracting and home energy auditing services for residential single-family and multi-family properties.

The total investment necessary to begin operation of a GREENHOMES AMERICA<sup>®</sup> franchise is \$114,050 - \$249,441. This includes \$41,750 to \$90,691 that must be paid to us.

This disclosure document summarizes certain provisions of your GREENHOMES AMERICA<sup>®</sup> 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 ABM FRANCHISING GROUP LLC at 501 Technology Drive, Suite 3000, Canonsburg, PA 15317 or call (734) 873-2940 and ask for Bert Kendall, David Cernich or Vernon Riggs.

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 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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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 <u>www.ftc.gov</u> 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: January 29, 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 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.

THE FRANCHISE AGREEMENT DOES 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 ARBITRATION ONLY IN PITTSBURGH, PENNSYLVANIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN PENNSYLVANIA THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT PENNSYLVANIA 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 FRANCHISE AGREEMENT REQUIRES YOU TO PAY US TOTAL ANNUAL MINIMUM ROYALTY FEES OF \$24,000 IN THE FIRST AGREEMENT YEAR. FOR EVERY AGREEMENT YEAR THEREAFTER, YOU MUST PAY US THE GREATER OF (A) MONTHLY ROYALTY FEES BASED ON ACTUAL GROSS HPC REVENUE, AND (B) MONTHLY MINIMUM ROYALTY FEES. THIS MEANS YOU MUST PAY US, AT A MINIMUM, THE MONTHLY MINIMUM ROYALTY FEES WHETHER OR NOT YOU HAVE ANY REVENUE.
- 4. THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY US LIQUIDATED DAMAGES IF THE FRANCHISE AGREEMENT IS TERMINATED FOR ANY REASON BY YOU OTHER THAN PURSUANT TO SECTION 33(a), 33(b) OR 33(c) OF THE FRANCHISE AGREEMENT, IN AN AMOUNT EQUAL TO YOUR INITIAL FRANCHISE FEE AS A REASONABLE ESTIMATE OF THE ACTUAL DAMAGES WE WILL SUSTAIN DUE TO YOUR TERMINATION.
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

TO THE EXTENT LOCAL LAW REQUIRES, YOU MAY HAVE CERTAIN RIGHTS UNDER THIS LAW. PLEASE SEE EXHIBIT O FOR AN EXPLANATION OF ANY APPLICABLE LOCAL LAW.

Effective Date: See the next page for state effective dates.



## 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:

California: Hawaii: Illinois: Indiana: Maryland Michigan: Minnesota: New York: North Dakota: Rhode Island: South Dakota: Virginia: Washington: Wisconsin:

In all other states, the effective date of this disclosure document is the Issuance Date of January 29, 2014.

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