

STATE COVER PAGE AND STATE EFFECTIVE DATES

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 C 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:

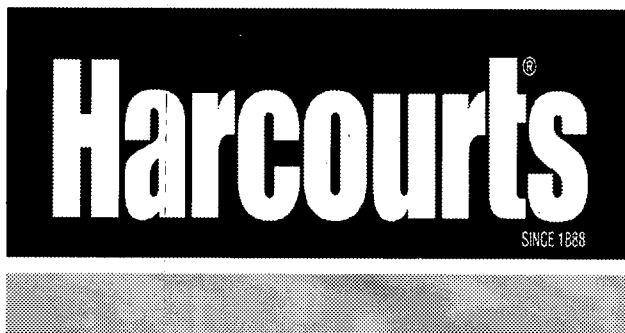
- I. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH THE FRANCHISOR BY LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.
- II. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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.
- III. THE FRANCHISOR HAS JUST BEGUN OFFERING FRANCHISES IN 2010.
- IV. THE FRANCHISOR IS A NEW ENTITY AND DOES NOT HAVE A LONG OPERATING HISTORY.
- V. YOU MUST PAY US MINIMUM MONTHLY FEES EVEN IF YOU HAVE NO REVENUES.
- VI. TO MAINTAIN YOUR EXCLUSIVE TERRITORY, YOU MUST ACHIEVE MINIMUM GROSS REVENUES EACH MONTH.
- VII. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use franchise brokers or referral sources to assist us in selling our franchise.

Effective Date for California: _____, 2012

Effective Date for Hawaii: _____, 2012

Effective Date for Nevada: _____, 2012

**FRANCHISE DISCLOSURE DOCUMENT****FRANCHISOR:**

Harcourts Pacific LLC
27372 Aliso Creek Road
Aliso Viejo, CA 92656
Telephone: 949.388.1523

The franchise offered is for the operation of Harcourts real estate brokerage offices, which offers general real estate services, relating to the buying, selling, leasing, development, and management of real estate to the general public.

The total investment necessary to begin operation of a Harcourts franchise ranges from one hundred fifty one thousand dollars (\$151,000.00) to three hundred sixty thousand dollars (\$360,000.00). This includes the initial franchise fee of twenty five thousand dollars (\$25,000.00) for a franchise, in which initial franchise fee must be paid to Harcourts Pacific LLC.

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 fourteen (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, such as 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 ("FTC"). 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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