

FRANCHISE DISCLOSURE DOCUMENT



INTERO FRANCHISE SERVICES, INC.

a California corporation
10275 North De Anza Boulevard
Cupertino, California 95014
(408) 342-3000
kdixon@interorealestate.com
www.interofranchising.com

The franchisee will establish and operate a residential real estate brokerage using the name Intero Real Estate Services® or Intero Resorts®, depending on the location and target market of the franchisee's services. The brokerage will be operated from an office and under a valid real estate broker's license.

The total investment necessary to begin operation of an Intero franchise ranges from \$230,200 to \$858,400. This includes \$25,000 that must be paid to the franchisor or 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 any 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 your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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 Franchise Administration, 10275 North De Anza Blvd., Cupertino, California 95014 and (408) 342-3000.

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.

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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 administrator listed in Exhibit F 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 renew your franchise relationship:

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION IN THE COUNTY OF SANTA CLARA, CALIFORNIA. OUT-OF-STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. THE FRANCHISE AGREEMENT REQUIRES BOTH YOU AND US TO WAIVE TRIAL BY JURY.**
- 4. A VALID REAL ESTATE BROKER'S LICENSE IS REQUIRED TO OPERATE THE FRANCHISE. REAL ESTATE LICENSING LAWS ARE NOT THE SAME IN EVERY STATE. YOU MUST COMPLY WITH THESE LAWS.**
- 5. YOU WILL NOT RECEIVE AN EXCLUSIVE OR DESIGNATED TERRITORY. THIS MEANS THAT OTHER FRANCHISEES INCLUDING AFFILIATED COMPANIES OR WE MAY COMPETE WITH YOUR BUSINESS IN YOUR GENERAL MARKET AREA.**
- 6. ANNUAL ADJUSTMENTS TO THE MINIMUM ROYALTY AND MINIMUM ROYALTY FEE MAY BE MADE IN OUR SOLE DISCRETION IN ANY AMOUNT UP TO 20% OF THE PRIOR YEAR'S MINIMUM ROYALTY AND MINIMUM ROYALTY FEE THEN IN EFFECT.**
- 7. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.**

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.

The 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: _____

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