

## FRANCHISE DISCLOSURE DOCUMENT

### NITELITES FRANCHISE SYSTEMS, INC.

an Ohio corporation  
6107 Market Avenue  
Franklin, Ohio 45005  
(513) 424-5510  
info@NiteLites.com  
www.NiteLites.com

Dept. of Corporations-  
PSS UNIT-San Francisco Office  
MAY 15 2013



A NiteLites franchise sells superior-quality lighting products and services to, and designs and installs architectural and landscaping illumination products for, upscale homeowners and commercial enterprises.

The total investment necessary to begin operation of a NiteLites franchised business is \$28,020 to \$141,230. This includes between \$37,000 to \$57,000 that must be paid to franchisor and 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 government 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 Tom Frederick at 6107 Market Avenue, Franklin, Ohio 45005 and (513) 424-5510.

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 [www.ftc.gov](http://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.

ISSUANCE DATE: March 12, 2013

## 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 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 FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN OHIO. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH US IN OHIO THAN IN YOUR HOME STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT OHIO 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. **OUR AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING SHOW THAT WE HAD A DEFICIT IN RETAINED EARNINGS OF \$ 296,369 AND A DEFICIT IN STOCKHOLDERS' EQUITY OF \$170,835.**
4. **YOU WILL BE REQUIRED TO PAY MINIMUM MARKETING FUND CONTRIBUTIONS RANGING FROM \$650.00 TO \$1,400.00- PER MONTH, BEGINNING IN THE 2ND YEAR OF OPERATIONS, AND INCREASING EACH YEAR DURING THE TERM OF THE FRANCHISE AGREEMENT, EVEN IF THE FRANCHISE HAS NO REVENUE.**
5. **YOU WILL BE REQUIRED TO PAY US \$100,000 AS LIQUIDATED DAMAGES IF THE FRANCHISE IS TERMINATED BEFORE THE END OF ITS TERM BECAUSE OF YOUR DEFAULT.**
6. **YOU WILL BE REQUIRED TO ACHIEVE A MINIMUM LEVEL OF ANNUAL GROSS SALES RANGING FROM \$125,000 TO \$300,000 PER YEAR BEGINNING IN THE 2ND YEAR OF OPERATIONS, AND INCREASING EACH YEAR THEREAFTER DURING THE TERM OF THE FRANCHISE AGREEMENT. IF YOU FAIL TO ACHIEVE THE MINIMUM ANNUAL GROSS SALES FOR 2 CONSECUTIVE FISCAL YEARS, WE HAVE THE RIGHT TO TERMINATE YOUR FRANCHISE AGREEMENT OR REDUCE THE SIZE OF YOUR PROTECTED TERRITORY.**
7. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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 you to us. You should make sure to do your own investigation of the franchise.

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: March 12, 2013

<b>State Effective Date</b>	<b>State Effective Date</b>
California	
Illinois	
Indiana	
Michigan	
New York	
Virginia	
Washington	
Wisconsin	

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