

FRANCHISE DISCLOSURE DOCUMENT
PAINTING MASTERS FRANCHISE CORPORATION
A CALIFORNIA CORPORATION
12800 SOUTH BROADWAY
LOS ANGELES, CALIFORNIA 90061
(310)516-7000
www.paintingmasters.com
franchising@paintingmasters.com



The franchise offered is for a single “PAINTING MASTERS” business (“**Painting Masters Business**”) which is a business that provides a full range of painting and wall finishing services for residential and commercial properties. We offer franchises for a single Painting Masters Business. The total investment necessary to begin operation of a Painting Masters Business franchise ranges from \$88,300 to \$139,700, excluding land. This includes the initial franchise fee of \$46,500 that must be paid to the 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact John La Barbera at 12800 South Broadway Los Angeles, California 90061.

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 an attorney 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, 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 administrators listed in Exhibit G for information about the franchisor, about other franchisors, 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 LITIGATION, ARBITRATION OR MEDIATION ONLY IN CALIFORNIA. OUT-OF-STATE LITIGATION, ARBITRATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES, IT MAY ALSO COST MORE TO SUE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. 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 LAWS.
3. IF YOU ARE AN ENTITY, ALL PRESENT AND FUTURE OWNERS OF THE EQUITY OR YOUR VOTING RIGHTS, INCLUDING SPOUSES AND DOMESTIC PARTNERS, MUST EXECUTE A WRITTEN GUARANTY IN A FORM WE PRESCRIBE, PERSONALLY, IRREVOCABLY AND UNCONDITIONALLY GUARANTEEING, JOINTLY AND SEVERALLY, WITH ALL OTHER GUARANTORS, THE FULL PAYMENT AND PERFORMANCE OF YOUR OBLIGATIONS TO US. UPON EACH TRANSFER OR ASSIGNMENT OF YOUR INTEREST IN YOUR FRANCHISE AGREEMENT, OR OTHER CHANGE IN YOUR OWNERSHIP INTERESTS, AND AT ANY OTHER TIME WE REQUEST, THESE HOLDERS MUST RE-EXECUTE A WRITTEN GUARANTY IN A FORM WE PRESCRIBE.
4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
5. FRANCHISEES MUST ALSO SIGN A PERSONAL GUARANTY, MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT IF YOU ARE MARRIED. THE GUARANTY WILL

PLACE YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

6. WE DO NOT HAVE A FEDERAL REGISTRATION FOR ONE OF OUR PRINCIPAL MARKS. THEREFORE, SUCH TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

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 is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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