

FRANCHISE DISCLOSURE DOCUMENT

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®
Department of
Business Oversight

PortraitEFX Franchising Corporation
A Nevada Corporation
10612-D Providence Road, Suite 235
Charlotte, NC 28277
800-765-7561
corporate@portraitefx.com
www.portraitefx.com

You will operate a business providing professional photography services under the name PortraitEFX® by (“your name”).

The total investment necessary to begin operation of a Portrait EFX business ranges from **\$22,477 to \$43,606**. This includes \$7995 for the Silver Program or \$15,000 for the Gold Program or \$20,000 for the Platinum Program that must be paid to the Franchisor or its affiliates. You will be required to have or purchase certain equipment, accessories and software required to operate your PortraitEFX Franchised Business.

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 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 Chris Doyle at 800-765-7561 ext 805.

The terms of your contract will govern your franchise relationship. Do not 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 “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.

Date of Issuance: April 1, 2016

STATE COVER PAGE

Your State may have a franchise law that requires a franchisor to register on 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 PERMITS YOU TO ARBITRATE WITH US ONLY IN CHICAGO, IL OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST YOU MORE TO ARBITRATE WITH US IN ILLINOIS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT, EXCEPT FOR THE POST TERM NON-COMPETE PROVISION, WHICH WILL BE GOVERNED BY YOUR HOME STATE'S LAW, ILLINOIS LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 THERE MAY BE OTHER RISKS IN BUYING AND OWNING A PortraitEFX® FRANCHISE.

Registration of this franchise by a state does not constitute approval, recommendation, or endorsement by the state commissioner, nor does it mean that the state recommends it or has verified the information in this Disclosure Document. State laws may supersede certain provision of this Franchise Agreement. Certain states require the superseding provisions to appear in the State Addenda listed as Exhibit E to this Disclosure Document and Franchise Agreement. You may want to investigate whether you are protected by state law.

See below for state effective dates. This Disclosure Document is registered or on file in the following states, which registration or filing became effective on the dates listed below:

State	Effective Date
California	April 24, 2015
Florida	May 16, 2015
Illinois	April 14, 2014
Kentucky	February 2007
Nebraska	February 2007
New York	April 30, 2015
Maryland	June 24, 2015

Texas	August 2006
Washington	April 30, 2015
Virginia	June 30, 2015
Hawaii	

MICHIGAN NOTICE

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits us to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonably opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation is conducted outside of Michigan.
- (g) A provision which permits us to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet our then-current reasonably qualifications or Standards.
 - (ii) The fact that the proposed transferee is our competitor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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