

## 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. **AS OF DECEMBER 31, 2011 THE FRANCHISOR HAD ONLY \$23,552 IN CURRENT ASSETS AND HAD \$258,218 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES DUE WITHIN ONE YEAR, THE FRANCHISOR HAD ONLY \$0.09 IN CURRENT ASSETS. SINCE ITS INCEPTION, THE FRANCHISOR HAS LOST \$356,141 CAUSING IT TO HAVE A DEFICIT NET WORTH OF (\$376,629). FRANCHISOR'S WORKING CAPITAL IS (\$231,494).**
2. **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION, ARBITRATION, AND MEDIATION ONLY IN NEVADA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN NEVADA THAN IN YOUR OWN STATE.**
3. **THE FRANCHISE AGREEMENT STATES THAT, EXCEPT TO THE EXTENT THAT FEDERAL LAW APPLIES, NEVADA LAW GOVERNS THE FRANCHISE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
4. **YOU MUST PRODUCE A SALES QUOTA OF \$120,000 IN GROSS REVENUE DURING THE FIRST 24 MONTHS OF OPERATION AND EVERY 12 MONTHS THEREAFTER. IF YOU FAIL TO DO SO, WE MAY REDUCE THE GEOGRAPHIC SIZE OF YOUR TERRITORY.**
5. **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 (for non-registration states): April 6, 2012**

See the next page for state effective dates.



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- (11) The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of additional funds does not include an owner's salary or draw or staff salaries. The additional funds required will vary by your management skill, experience, and business acumen, the relative effectiveness of staff you may employ, local economic conditions, the local market for your services, the prevailing wage rate, competition, and the sales level that you reach in your Territory. You may incur other or higher costs or fees. You may also need operating capital when running the Business that is in addition to what is estimated here.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Approved Supplies and Suppliers

You must open and operate your Business in accordance with the System. You will be required to purchase, from us or an approved Vendor, and maintain an inventory of corporate letterhead, envelopes, business cards, signs and sales literature, including brochures and other promotional materials that contain our Marks. You may purchase all other equipment from any source so long as it meets our minimum requirements.

We designate approved vendors ("Vendors") of products and services that you may use in your property management business. Many of these Vendors have agreed or will in the future agree to pay rebates, commissions, referral fees or other forms of compensation or incentives ("Commissions") to us. These Commissions are paid by some approved Vendors in consideration for the higher business volume this System brings, or will bring to them. In fiscal year 2011 through the date of this Disclosure Document, we received \$3,601 in revenue from purchases and lease of products and services by franchisees. This represents 1.2% of our total revenue of \$294,454. Our financial statements show \$13,211 in product fees. However, \$9,610 of this amount was a loan that was characterized incorrectly. Our affiliate does not sell or lease products and services to franchisees. The list of approved Vendors is published in the back office.

At this time, we are the only designated supplier of initial marketing supplies. There are no approved suppliers in which any of our officers own an interest and no Affiliates are approved suppliers.

You must adhere to the standards and specifications established by us with respect to office procedures, advertising materials, supplies, and other items used in the operation of the business, all of which are disclosed in the Manuals. In addition, at any time that you interact with the public or represent your Business or meet with customers ("Clients" or "Customers") or the Trades, you must be dressed in a professional manner.

You may wish to introduce to us a new supplier or vendor who wants to supply goods or services to us. No compensation or fees will be paid to the referring franchisee. You must obtain approval for a proposed supplier by submitting to us a written request identifying the company and by also supplying us with a sample of the products that it wishes to supply. We will notify you of our approval or disapproval within 15 days after we receive all of the information which we may request from you or the proposed supplier. If we do not respond within the 15-day period, the



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