

Prospect Equities®

Full Service Real Estate Brokerage

Franchise Disclosure Document [UFDD]

Prospect Equities Franchise Corporation,
An Illinois Corporation

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The Franchise offered is for the operation of a full service residential and commercial real estate brokerage business that offers the complete solution for residential and commercial clients who are looking to sell, purchase, lease or exchange property. This business provides professional real estate services with the flexibility in service offerings in order to accommodate each demographic area.

The total estimated initial investment required to begin operation of a standard Prospect Equities® Franchise ranges from \$43,900 to \$ 100,500 which will depend on a number of factors that are fully discussed in Item 7. This includes the Initial Franchise Fee of \$15,000 (as discussed in Item5) that must be paid to the franchisor or affiliate.

The total estimated initial investment required to begin operation of a conversion Prospect Equities® Franchise ranges from \$16,000 to \$ 55,500 which will depend on a number of factors that are fully discussed in Item 7. There is no initial franchise fee for the conversion model.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read the 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, 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:

President
Prospect Equities Franchise Corporation
18th Floor
500 North Michigan Avenue
Chicago, Illinois 60611

1-800-913-4110

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 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 600 Pennsylvania, Avenue, N.W., Washington D.C. 20850. 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.

Issuance Date April 22, 2014

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 2 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 THE FRANCHISEE TO ARBITRATE ONLY IN ILLINOIS. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH PROSPECT EQUITIES FRANCHISE CORPORATION IN ILLINOIS THAN IN YOUR HOME STATE.
- 2) THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LAWS IN YOUR STATE. YOU MAY WANT TO COMPARE THESE LAWS.
- 3) THE FRANCHISOR RECENTLY BEGAN OFFERING FRANCHISES AND HAS NO HISTORY OF FRANCHISE OPERATIONS. YOU MAY WANT TO CONSIDER THIS IN DECIDING WHETHER TO PURCHASE A FRANCHISE.

Disclosure Document Effective Date for Illinois _____ 20 ____.

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