

FRANCHISE DISCLOSURE DOCUMENT



FRANCHISOR

RE/MAX, LLC
d/b/a **RE/MAX California and Hawaii Region**
A Delaware limited liability company
5075 South Syracuse Street
Denver, Colorado 80237-2712
(303) 770-5531
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www.remax.com

The franchise offered is for the operation of a RE/MAX® real estate sales office, which offers a variety of real estate services to the general public

The total investment necessary to begin operation of a RE/MAX® franchise ranges from \$42,500 to \$252,000. This includes the initial franchise fee of \$28,000 (\$30,000 if the initial franchise fee is financed) for a franchise in a high-density market or \$15,000 (\$16,500 if the initial franchise fee is financed) for a franchise in a low-density market

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 disclosures in different formats, contact the Contract Administration Department at 5075 South Syracuse Street, Denver, Colorado 80237-2712, or by telephone at (303) 770-5531.

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, N W, 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.

The issuance date March 28, 2014, as amended September 4, 2014 (see state cover page for state effective date)

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.

If you are in California, call the state franchise administrator listed in **Exhibit H** 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:

- I THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH THE FRANCHISOR BY LITIGATION ONLY IN COLORADO. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH THE FRANCHISOR IN COLORADO THAN IN YOUR HOME STATE.
- II THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- III YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. WE MAY ESTABLISH OTHER FRANCHISED OR COMPANY-OWNED OUTLETS THAT MAY COMPETE WITH YOUR LOCATION.
- IV YOU WILL FACE MARKET COMPETITION, AS WELL AS OTHER BUSINESS RISKS, INCLUDING FLUCTUATIONS IN DEMAND FOR HOUSING, CHANGES IN MORTGAGE RATES AND AVAILABILITY OF FINANCING, AND CHANGING ECONOMIC CONDITIONS, BOTH LOCALLY AND NATIONALLY, WHICH MAY INCLUDE PROLONGED RECESSIONS THAT MAY SIGNIFICANTLY IMPACT THE RESIDENTIAL AND COMMERCIAL REAL ESTATE MARKETS.
- V THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use franchise brokers or referral sources to assist us in selling our franchise.

The effective date of this disclosure document in the state described below is:

California April 10, ~~2014~~ 2014, as amended

RE/MAX Caribbean Islands LLC is the subfranchisor for the Caribbean region and Central American countries. *RE/MAX Caribbean Islands, Inc* was incorporated on September 8, 1999, in the state of Colorado and has offered franchises for *RE/MAX* real estate offices since that time. Its principal business address is 5075 South Syracuse Street, Denver, Colorado 80237-2712.

Neither of the subfranchisor affiliates has operated a *RE/MAX* office, however, their principal officers, managers, directors and marketing staff are experienced in the *RE/MAX* system. Neither of the subfranchisor affiliates has offered franchises in other lines of business.

Affiliates in the United States

RE/MAX, LLC also has various other affiliates. One of these, *RE/MAX Advertising Development Fund, Inc*, d b a ~~National Brand Marketing Alliance~~ Advertising Fund, is a Colorado corporation, established for the sole purpose of creating, distributing and placing advertising and public relations programs and related materials for the benefit of all *RE/MAX* offices. Several other affiliates are corporations formed for institutional advertising purposes for the benefit of *RE/MAX* offices within a particular region. *Ad Fund Promotions, Inc*, d b a *RE/MAX Mountain States Ad Fund, Inc*, services the Mountain States region, *RE/MAX Central Atlantic Region Promotional Fund, Inc*, services the Central Atlantic region, *Arizona Institutional Advertising Corporation* d b a *RE/MAX Southwest Regional Office Ad Fund, Inc*, services the Southwest region, *RE/MAX California & Hawaii Ad Fund, Inc* services the California and Hawaii Region, *RE/MAX Florida Ad Fund, Inc*, services the Florida Region, *RE/MAX Carolinas Ad Fund, Inc*, services the Carolinas Region, *Ohio Ad Fund Promotions, Inc*, d b a *RE/MAX Central and Northern Ohio Ad Fund Promotions, Inc*, services Central and Northern Ohio, *Missouri Ad Fund Promotions, Inc*, d b a *RE/MAX of St. Louis Group Ad Fund, Inc*, services St. Louis, Missouri and Southern Illinois, *SSR, Inc*, d b a *RE/MAX Pacific Northwest Ad Fund*, services the Pacific Northwest region, *RE/MAX Caribbean Islands Ad Fund, Inc*, services the Caribbean Island region, *RE/MAX Pennsylvania Ad Fund, Inc*, services the Pennsylvania/Delaware region, *RE/MAX Texas Ad Fund, Inc*, services the Texas Region, and *RE/MAX Western Canada Ad Fund, Inc*, services the western Canada region. None of these affiliates have ever operated a *RE/MAX* office, offered *RE/MAX* office franchises or offered franchises in other lines of business. There are also other affiliates that operate advertising funds serving regions outside of the United States and Canada.

BMFC, LLC, d b a *RE/MAX Event Management* ("*RE/MAX Event Management*") is an affiliate engaged solely in the business of organizing various conventions and training and educational conferences attended by *RE/MAX* franchisees and Sales Associates. *RE/MAX Event Management* maintains the same principal address as *RE/MAX, LLC*. *RE/MAX Event Management* has never operated a *RE/MAX* office, offered *RE/MAX* office franchises or offered franchises in other lines of business.

EDR, Inc, d b a *EDR Travel, Inc* ("*EDR*"), is an affiliate that provides travel agency services to the general public including *RE/MAX* franchisees, Sales Associates and other *RE/MAX* affiliates. *EDR* maintains its principal business address at 5075 South Syracuse Street, Denver, Colorado 80237-2712. *EDR* has never operated a *RE/MAX* office, offered *RE/MAX* office franchises or offered franchises in other lines of business.

Finally, beginning in 1982, *RE/MAX Insurance International, Inc*, a former affiliate of *RE/MAX, LLC*, offered insurance service agency franchises under the Marks, however, neither *RE/MAX Insurance International, Inc* nor *RE/MAX, LLC* has actively offered these franchises since 1992. 47 insurance service agency franchises were sold, of which 2 are currently operating under license agreements with *RE/MAX, LLC*.

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