

FRANCHISE DISCLOSURE DOCUMENT



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REALTY EXECUTIVES International, Inc. offers franchises for the operation of a business that provides real estate services, including leasing, listing, purchasing, referral, selling, trading and other services of a similar nature. The total investment necessary to begin operation of your REALTY EXECUTIVES franchise ranges from \$20,400 to \$119,000. This includes an amount that ranges from \$1,000 to \$50,000 that must be paid to us. If the franchise is acquired through a Territory Release Arrangement (as described in Item 1 of this Disclosure Document), the initial investment will increase by the amount of the initial territory release fee negotiated between the franchisee and the Territory Releaser.

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 government 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 franchisor at 8324 East Hartford Drive, Suite 100, Scottsdale, Arizona 85255 or by phone at 800 252-3366.

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 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 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. FAILURE TO MEET QUOTA REQUIREMENTS COULD RESULT IN THE TERMINATION OF YOUR FRANCHISE AGREEMENT.**
- 2. WE ACQUIRED THE REALTY EXECUTIVES TRADEMARKS FROM JBH INVESTMENTS, INC. (“JBH”). IF WE FAIL TO MAKE CERTAIN PAYMENTS TO JBH, A DISPUTE COULD RESULT IN AN END TO OUR RIGHT TO USE AND LICENSE THESE MARKS.**
- 3. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN PHOENIX, ARIZONA. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR HOME STATE.**
- 4. THE FRANCHISE AGREEMENT STATES THAT ARIZONA 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.**
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We do not currently use the services of any FRANCHISE BROKERS or referral sources to assist us in selling our franchise, although we may do so in the future. A franchise broker or referral source would represent us, not you. We would 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.

Effective Date: June 13, 2014

TABLE OF CONTENTS

ITEM 1.	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES ..	1
ITEM 2.	BUSINESS EXPERIENCE	3
ITEM 3.	LITIGATION	4
ITEM 4.	BANKRUPTCY	5
ITEM 5.	INITIAL FEES	6
ITEM 6.	OTHER FEES	6
ITEM 7.	ESTIMATED INITIAL INVESTMENT	10
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	11
ITEM 9.	FRANCHISEE’S OBLIGATIONS.....	12
ITEM 10.	FINANCING.....	13
ITEM 11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	13
ITEM 12.	TERRITORY.....	16
ITEM 13.	TRADEMARKS	17
ITEM 14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	18
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	20
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	20
ITEM 17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	21
ITEM 18.	PUBLIC FIGURES.....	22
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS.....	22
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION	22
ITEM 21.	FINANCIAL STATEMENTS.....	28
ITEM 22.	CONTRACTS.....	28
ITEM 23.	RECEIPTS.....	28
EXHIBIT “A”	State Agencies and Administrators	
EXHIBIT “B”	Franchisor’s Agent for Service of Process	
EXHIBIT “C”	Franchise Agreement	
EXHIBIT “D”	Territory Release Agreement	
EXHIBIT “E”	General Release	
EXHIBIT “F”	Table of Contents to Manual	
EXHIBIT “G”	List of Franchisees	
EXHIBIT “H”	Financial Statements	
EXHIBIT “I”	State Addendum	
EXHIBIT “J”	Franchisee Organizations	
EXHIBIT “K”	Territory Release Addendum	
EXHIBIT “L”	Receipts	

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