

FRANCHISE DISCLOSURE DOCUMENT



**RedRock Resurfacing
Franchising Corporation**
a Washington corporation
3902 West Valley Hwy North
Suite 100
Auburn, Washington, 98001
Phone: (206) 375-5157
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RedRock Resurfacing businesses resurface and refinish countertops, bathtubs, bathroom partitions, and tile backsplash surfaces and offer related services involving recoating and restoring different types of indoor and outdoor surfaces primarily to the multi-family rental housing market.

The total investment necessary to begin operation of a RedRock Resurfacing Franchised Business is between \$26,500 and \$104,600 if you are a new franchisee buying your first franchise (“Start-Up Franchisee”). This includes (i) an Initial Franchise Fee of no less than \$10,000 for a territory with a minimum population of 300,000 (plus \$.0325 for each additional person above 300,000 in the territory), and (ii) a Warranty Fund Contribution of \$3,000 that you must pay us when you sign the Franchise Agreement. We base the initial investment range on a population size of 300,000 (low) and 900,000 (high) respectively.

If you qualify for our “Roll-In” program, your incremental total investment necessary to begin operation of a RedRock Resurfacing Franchised Business is between \$12,600 and \$173,700 (“Roll-In Franchisee”). We discount the Initial Franchise Fee by up to 50% depending on your Gross Revenue income during the 12 months immediately before you sign the Franchise Agreement. A Roll-In Franchisee pays a Warranty Fund Contribution of \$3,000 upon signing the Franchise Agreement. Your incremental initial investment considers only the likely extra costs to convert an existing coating business to the RedRock Resurfacing brand according to a population size of 300,000 (low) and 900,000 (high) respectively.

This Disclosure Document summarizes certain provisions of your 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 Franchise Department at 3902 West Valley Hwy North, Suite 100, Auburn, Washington, 98001; Phone: (206-375-5157); franchise@redrockresurfacing.com.

The terms of your contract will govern your franchise relationship. Don’t 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: FEBRUARY 20, 2018

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. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AT OUR HEADQUARTERS OR, IF MEDIATION DOES NOT RESOLVE THE DISPUTE, BY LITIGATION ONLY IN THE FEDERAL AND STATE COURTS LOCATED CLOSEST TO OUR HEADQUARTERS, WHICH AT THIS TIME ARE IN THE GREATER SEATTLE, WASHINGTON AREA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN WASHINGTON THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A SPOUSAL CONSENT UNDER THE FRANCHISE AGREEMENT WHICH MAY PLACE YOUR SPOUSE'S MARITAL AND OTHER ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
5. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
6. WE MAY TERMINATE THE FRANCHISE AGREEMENT IF THE FRANCHISED BUSINESS GENERATES INSUFFICIENT GROSS REVENUE TO PAY THE MINIMUM MONTHLY ROYALTY FEE IN AT LEAST 5 OUT OF 12 CALENDAR MONTHS IN OPERATING YEAR ONE AND 8 OUT OF 12 CALENDAR MONTHS IN EACH SUBSEQUENT OPERATING YEAR.
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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