

MAY - 3 2011

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FRANCHISE DISCLOSURE DOCUMENT



THE SAILTIME GROUP, LLC
(a Maryland limited liability company)
7082 Bembe Beach Road, Suite 204
Annapolis, MD 21403
(443) 221-4915
E-Mail info@sailtime.com
Website www.sailtime.com

The franchise offered is for the establishment and operation of a fractional boating business which offers sailboat and/or powerboat shared usage memberships

The total investment necessary to begin operation of a SailTime franchise is from \$79,675 to \$215,450 This includes from \$25,000 to \$35,000 that must be paid to the franchisor or affiliate.

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.**

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, NW, 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

Issuance Date: April 27, 2011.

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, 2010, THE FRANCHISOR HAD ONLY \$93,611 IN CURRENT ASSETS AND HAD \$183,456 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES DUE WITHIN ONE YEAR, THE FRANCHISOR HAD ONLY \$0.51 IN CURRENT ASSETS. SINCE ITS INCEPTION, THE FRANCHISOR HAS LOST \$45,500, CAUSING IT TO HAVE A MEMBER'S DEFICIENCY OF \$45,500 AS OF DECEMBER 31, 2010.
- 2 DUE TO THE COMPANY'S PAST FINANCIAL PERFORMANCE, THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, MARYLAND, VIRGINIA AND WASHINGTON HAVE REQUIRED US TO AGREE THAT YOU DO NOT HAVE TO PAY US THE INITIAL FRANCHISE FEE UNTIL WE HAVE COMPLETED SATISFYING OUR PRE-OBLIGATIONS TO YOU AND HAVE AUTHORIZED YOU TO BEGIN OPERATING THE FRANCHISED BUSINESS.
- 3 THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SUBMITTED TO MEDIATION OR ARBITRATION IN THE STATE AND COUNTY WHERE WE MAINTAIN OUR PRINCIPAL PLACE OF BUSINESS, CURRENTLY ANNE ARUNDEL COUNTY, MARYLAND. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN MARYLAND THAN IN YOUR HOME STATE.
- 4 THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF MARYLAND GOVERNS THE AGREEMENT. THIS STATE'S LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU SHOULD CONSIDER INVESTIGATING WHETHER ANY STATE FRANCHISE LAWS PROTECT YOU. YOU SHOULD REVIEW THE STATE-SPECIFIC ADDENDA ATTACHED TO THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT FOR STATE-SPECIFIC PROVISIONS.

- 5 IN SOME CASES, SPOUSES OF FRANCHISE OWNERS MUST EXECUTE A PERSONAL GUARANTY PLACING THEIR PERSONAL ASSETS AT RISK
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

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