

## FRANCHISE DISCLOSURE DOCUMENT

Showhomes Franchise Corporation  
 a Georgia corporation  
 2110 Blair Boulevard  
 Nashville, TN 37212  
 (615) 292-0892  
 www.showhomes.com  
 www.showhomesfranchise.com

A Showhomes Business provides services designed to help owners of both vacant and occupied homes enhance the beauty and potential sale of their homes, such as home management, staging, makeovers, decorating and interior updating. The estimated initial investment required to begin operation of a Showhomes Business ranges from ~~\$45,300~~ \$49,800 to ~~\$78,000~~ \$96,000. This includes ~~\$34,900 to \$38,900~~ that must be paid to the franchisor or an affiliate.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 Matt Kelton at 2110 Blair Boulevard, Nashville, TN 37212, ~~(888) 481-6742~~ (888) 398-4010, [mkelton@showhomes.com](mailto:mkelton@showhomes.com).

The terms of your contract will govern your franchise relationship. Don't rely on the Franchise Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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](http://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.

Date of Issuance: ~~May 1, 2014~~ April 30, 2015

## 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 E 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 DISPUTE WITH US BY MEDIATION AND LITIGATION ONLY IN TENNESSEE. OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN TENNESSEE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT TENNESSEE 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.
3. SPOUSES OF INDIVIDUAL FRANCHISEES OR FRANCHISEE'S PRINCIPALS ARE REQUIRED TO SIGN A GUARANTY AND ASSUMPTION OF OBLIGATIONS BECOMING JOINTLY AND SEVERALLY LIABLE FOR THE DEBTS OF THE FRANCHISE WHETHER OR NOT SUCH SPOUSES ARE INVOLVED IN THE OPERATIONS OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF INDIVIDUAL FRANCHISEES AND THEIR SPOUSES AT RISK.
4. BEGINNING 12 MONTHS AFTER YOUR OPENING DATE, YOU MUST PAY US A MINIMUM ROYALTY FEE OF \$700 PER TERRITORY EACH MONTH AND MINIMUM ADVERTISING FEES OF \$140 PER TERRITORY EACH MONTH EVEN IF THE FRANCHISED BUSINESS HAS NO REVENUE. THESE MINIMUM FEES MAY INCREASE OVER TIME OR BASED UPON THE SIZE OF YOUR TERRITORY.
5. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, ~~2013,2014~~, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF ~~(\$6,357,637)~~.
6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM ~~\$45,300~~49,800 TO ~~\$78,000~~96,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, ~~2013,2014~~, WHICH IS REPORTED TO BE A DEFICIT OF ~~\$6,357,637~~.
7. CERTAIN STATES MAY REQUIRE THAT WE DEFER PAYMENT OF THE INITIAL FEES UNTIL YOU HAVE OPENED YOUR BUSINESS. SEE STATE ADDENDA FOR MORE INFORMATION.
8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

**We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise for referring you to us. You should be sure to do your own investigation of the franchise.**

Effective Date: See the next page for state effective dates

SHOWHOMES®

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### STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	<del>May 1, 2014</del> <u>Pending</u>
Hawaii	<del>May 27, 2014</del> <u>Pending</u>
Illinois	<del>May 1, 2014</del> <u>April 30, 2015</u>
Indiana	<del>May 15, 2014</del> <u>April 30, 2015</u>
Maryland	<del>May 13, 2014</del> <u>Pending</u>
Michigan	<del>May 1, 2014</del> <u>April 30, 2015</u>
Minnesota	<del>May 13, 2014</del> <u>Pending</u>
New York	<del>July 10, 2014</del> <u>Pending</u>
Virginia	<del>June 27, 2014</del> <u>Pending</u>
Washington	<del>May 2, 2014</del> <u>Pending</u>
Wisconsin	<del>May 1, 2014</del> <u>April 30, 2015</u>

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of ~~May 1, 2014~~April 30, 2015.

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