

FRANCHISE DISCLOSURE DOCUMENT

DEC-23 2014

**RECEIVED**
San Francisco
STONE MOUNTAIN CARPET MILLS, INC
D/B/A THE FLOOR TRADER
A MISSOURI CORPORATION
4301 Earth City Expressway
St Louis, Missouri 63045-1334
(314) 506-0000
www.myfloortrader.com

The Franchisee will operate a Floor Trader Store which will sell discount floor coverings and related products to the retail trade

The total investment necessary to begin operation of a Floor Trader franchise ranges from \$283,500 to \$564,500 This includes \$88,500 to \$138,500 that must be paid to the franchisor or its 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 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 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 March 25, 2014

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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit IV** 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 LITIGATION ONLY IN ST LOUIS COUNTY, MISSOURI. 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 MISSOURI THAN IN YOUR OWN STATE.

2 THE FRANCHISE AGREEMENT REQUIRES THAT MISSOURI 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 SUBJECT TO STATED LIMITATIONS IN THE FRANCHISE AGREEMENT, YOU ARE GRANTED PROTECTION IN YOUR AREA. IF YOU FAIL TO MEET OR EXCEED THE BASE MARKET SHARE AS DESCRIBED IN THE FRANCHISE AGREEMENT, YOU WILL LOSE YOUR PROTECTED AREA. SEE ITEM 12.

4 SOME OF FLOOR TRADER'S AFFILIATES OWN AND OPERATE STORES THAT SELL FLOORCOVERING AND OTHER PRODUCTS, SOME OF WHICH MAY BE SIMILAR TO THE PRODUCTS YOU SELL, AND MAY COMPETE WITH YOUR FLOOR TRADER STORE.

5 FRANCHISEES WHICH ARE NOT IN VIOLATION OF THEIR FRANCHISE AGREEMENT AND ARE MEMBERS IN GOOD STANDING OF STONE MOUNTAIN COOPERATIVE, INC. PAY A LOWER ROYALTY RATE. IN ADDITION TO ROYALTY OBLIGATIONS, YOU MUST ACHIEVE CERTAIN MINIMUM SALES LEVELS. SEE ITEM 6.

6 EACH OF THE OWNERS OF EACH FRANCHISEE AND THEIR RESPECTIVE SPOUSES, MUST SIGN A PERSONAL GUARANTY MAKING SUCH PERSONS JOINTLY AND SEVERALLY LIABLE FOR THE FRANCHISEE'S OBLIGATIONS UNDER THE FRANCHISE AGREEMENT.

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates

State	Effective Date	State	Effective Date
California	_____ 4/28/2014	Illinois	_____ 4/9/20104
Florida	5-16-2013/2014	Maryland	9-11-2013
Indiana	5-5-2013/2014	Minnesota	1-28/2014, as amended on 4/15/2014
Michigan	5-5-2013/2014	Minnesota	1-28-/14/2014, as amended on 4/14/2014
New York	3-4-2014, as amended on 5/20/2014	Rhode Island	1-14-2/19/2014
Virginia	8-11-2013/2014	South Dakota	2-19-4/11/2014
Wisconsin	10-29-2013/28/2014	South Dakota	4-9-2014
		Washington	

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