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**THE GROUT EXPERT FRANCHISING, INC.**

A California Corporation  
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Menlo Park, California 94025  
TheGroutExpert@aol.com  
www.thegroutexperts.com  
(800) 296-8056

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The franchisor is offering a franchise license for the operation of a business that will provide grout cleaning, repair, maintenance and replacement under the name "The Grout Expert."

The total investment necessary to begin operation of a The Grout Expert franchise is between **\$23,550** and **\$49,000**. This includes an Initial Franchise Fee of \$10,000 to \$17,500 and an opening chemical inventory of \$1,000 to \$1,125 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.**

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 Hoang Chieu Nguyen at 308 Sheridan Drive, Menlo Park, CA 94025. Phone: (650) 333-5023.

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](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.

**THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 1, 2012.**

## 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, about other franchisors, 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 THAT THE FRANCHISEE ARBITRATE DISAGREEMENTS WITH THE FRANCHISOR ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.
3. BEGINNING IN THE SECOND MONTH OF YOUR OPERATIONS, THE FRANCHISE AGREEMENT REQUIRES A MINIMUM MONTHLY ROYALTY PAYMENT OF \$350 REGARDLESS OF THE TOTAL GROSS RECEIPTS RECEIVED. THIS AMOUNT INCREASES TO \$500 PER MONTH AFTER YOUR 24<sup>TH</sup> MONTH OF OPERATIONS.
4. 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 or referring you to us. You should make sure to do your own investigation of the franchise.

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents 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:

|              |                   |
|--------------|-------------------|
| California   | May 23, 2011      |
| Hawaii       |                   |
| Illinois     |                   |
| Indiana      |                   |
| Maryland     |                   |
| Michigan     |                   |
| Minnesota    | May 23, 2011      |
| New York     | September 2, 2011 |
| North Dakota |                   |
| Rhode Island |                   |
| South Dakota |                   |
| Virginia     | October 3, 2011   |
| Washington   | May 27, 2011      |
| Wisconsin    |                   |

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 1, 2012.

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