

RECEIVED**MAR 30 2012**Department of Corporations
Los Angeles**FRANCHISE DISCLOSURE DOCUMENT****GROUT MEDIC®**

THE GROUT MEDIC, LLC
A Texas Limited Liability Company
2241 E. Continental Blvd., Suite 150
Southlake, Texas 76092
800-700-1411
mailto:bypass@thegroutmedic.com
www.thegroutmedic.com

The franchise offered is for a grout and tile restoration and maintenance business.

The total investment necessary to begin operation of a Grout Medic franchise is from \$27,200 to \$74,300. This includes from \$13,800 to \$23,700, depending on the location and training program you choose, 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.**

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 Chris Burgin at 2241 E. Continental Blvd., Suite 150, Southlake, Texas 76092, 1-800-700-1411.

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: March 7, 2012

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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 THAT MOST DISAGREEMENTS BE SUBMITTED TO ARBITRATION IN THE CITY WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, WHICH CURRENTLY IS SOUTHLAKE, TEXAS. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN OUR HOME STATE THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF TEXAS GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. IF YOU ARE A TIER ONE FRANCHISE, YOU MUST PAY THE FRANCHISOR MINIMUM ROYALTY FEES OF \$220, \$450, \$780, AND \$970 EACH MONTH FOR MONTHS 1 AND 2, 3 TO 12, YEAR 2 AND, YEARS 3 THROUGH 7, RESPECTIVELY, EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE. MINIMUM MONTHLY FEES ARE ALSO PAYABLE FOR A TIER TWO FRANCHISE. THESE MINIMUM MONTHLY FEES MAY INCREASE EVERY YEAR.

4. WE MAY TERMINATE THE FRANCHISE AGREEMENT AND KEEP YOUR INITIAL FEE IF YOU FAIL TO ACHIEVE MINIMUM MONTHLY GROSS REVENUES.

5. UPON EARLY TERMINATION OF THE FRANCHISE BECAUSE OF YOUR DEFAULT, YOU MUST PAY US WITHIN THIRTY DAYS OF TERMINATION THE FULL BALANCE OF YOUR MINIMUM ROYALTY FEE OBLIGATIONS FOR THE REMAINING TERM OF THE FRANCHISE AGREEMENT.

6. WE AND OUR AFFILIATES MAY SELL OR DISTRIBUTE GROUT AND TILE RESTORATION PRODUCTS TO THE GENERAL PUBLIC THROUGH OTHER CHANNELS OF DISTRIBUTION IN COMPETITION WITH THE FRANCHISE, SUCH AS THROUGH INTERNET OR CATALOGUE SALES, OR THROUGH WHOLESALE DISTRIBUTION TO RETAIL OUTLETS, ALTHOUGH NOT THROUGH OPERATION OF A THE GROUT MEDIC OUTLET THAT IS LOCATED IN YOUR TERRITORY.

7. THE SPOUSE OF EACH OWNER OF A 20% OR GREATER INTEREST IN THE FRANCHISEE ENTITY WILL BE REQUIRED TO PERSONALLY GUARANTEE THE FRANCHISEE'S OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS WILL PUT THEIR PERSONAL ASSETS AT RISK IF THE FRANCHISEE DEFAULTS UNDER THE FRANCHISE AGREEMENT.

8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for the state effective dates.

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