

FRANCHISE DISCLOSURE DOCUMENT

THM MANAGEMENT, LLC
a Florida limited liability company

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2018 MAR 20 PM 1 21

DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

THEHOMEMAG

America's #1 Home Improvement Magazine™

This franchise is for the operation of a business that specializes in advertising for businesses selling products and services related to residential homeowners, such as electricians, plumbers, moving companies, home decorators, contractors and builders, and companies offering home improvement products and services

The total investment necessary to begin operation of a Standard Market TheHomeMag franchise is \$250,000. This includes \$61,485 that must be paid to the franchisor. The total investment necessary to begin operation of a Hometown Market TheHomeMag franchise is \$175,000. This includes \$31,485 that must be paid to the franchisor. The total investment necessary to begin operation of a Double Market TheHomeMag franchise is \$350,000. This includes \$101,485 that must be paid to the franchisor.

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 the 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 government 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 Goebel, President at 1732 SE 47th Terrace, Cape Coral, Florida 33904 and (239) 549-6960.

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, 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 1, 2018

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 YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN FLORIDA. 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 FLORIDA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT STATES THAT FLORIDA 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 YOU MUST MEET CERTAIN MINIMUMS DURING THE OPERATION OF THE FRANCHISED BUSINESS. YOU MUST PUBLISH YOUR FIRST MAGAZINE WITHIN 16 WEEKS OF OPENING FOR BUSINESS WITH A MINIMUM OF 20 PAGES OF ADVERTISING DURING THE FIRST SIX ISSUES AND YOU MUST REACH A MINIMUM OF 32 PAGES FOR PUBLICATIONS 8-12. IF YOU FAIL TO MEET THE MINIMUM PERFORMANCE REQUIREMENTS, WE MAY ELECT TO IMPLEMENT DEFAULT PROVISIONS OR ULTIMATELY MIGHT TERMINATE THE FRANCHISE AGREEMENT.
- 4 YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 5 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
- 6 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$175,000 TO \$350,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS \$204,391.

- 7 THE FRANCHISOR NOTES THAT LIQUIDATED DAMAGES WILL BE REQUIRED IF THE FRANCHISE AGREEMENT IS TERMINATED WITH CAUSE
- 8 THE FRANCHISOR WILL PROVIDE YOU WITH THE SUGGESTED PRICING STRUCTURE FOR YOUR SERVICES AND THE MAXIMUM PRICES THAT YOU MAY CHARGE FOR YOUR SERVICES
- 9 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective date See the next page for state effective dates

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