

FRANCHISE DISCLOSURE DOCUMENT

ZOUNDS®

Zounds Hearing Franchising, LLC
an Arizona limited liability company
4405 E. Baseline Road, Suite 114
Phoenix, AZ 85042
(480) 258-6005
(602) 813-8400 Fax
www.zoundshearing.com

Zounds Hearing Centers are business to consumer franchises that provide hearing screening, fitting, and sale of hearing aids. We offer franchises for the right to own and operate two different types of Zounds Hearing Centers, namely: (i) a traditional Center that is operated at a retail/commercial location that we expect will generate the majority of its business from general advertising/solicitation and walk-in traffic; and (ii) a Center that is located at, within or nearby a medical office/complex that is only offered to a group of primary care physicians, or physicians of other practices and specialties (each a “Physician Investment Group”), which we expect will generate the a sizable portion of its business from physician referrals.

The total investment necessary to begin operation of a Zounds Hearing Center (whether a traditional Center or one operated by a Physician Investment Group) ranges from \$125,000 to \$198,950, which includes between \$70,500 and \$81,000 that must be paid to the franchisor or its affiliate.

This Franchise 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 Jamile Dean Essa at 4405 E. Baseline Road, Suite 114, Phoenix, AZ 85042 and (480) 258-6005.

The terms of your contract will govern your franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your contract. Read your entire 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-FTCHELP 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.

The Issue Date of this Disclosure Document is January 30, 2013.

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 C 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 MEDIATION (AT OUR OPTION) OR LITIGATION ONLY IN ARIZONA. OUT OF STATE MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT ARIZONA 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. THE CONTINUATION OF THE EXCLUSIVITY IN YOUR DESIGNATED TERRITORY IS DEPENDENT UPON SALES VOLUME. SPECIFICALLY, YOU MUST SELL A MINIMUM OF 150 HEARING AIDS IN YOUR DESIGNATED TERRITORY IN YOUR SECOND FULL YEAR OF BUSINESS AND EACH YEAR THEREAFTER UNDER THE FRANCHISE AGREEMENT.
4. IF YOU ARE AN INDIVIDUAL, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH OF THE ENTITY'S OWNERS, PARTNERS, MEMBERS, OFFICERS, DIRECTORS, TRUSTEES AND BENEFICIARIES (AS APPLICABLE), AS WELL AS THEIR RESPECTIVE SPOUSES, MUST SIGN A PERSONAL GUARANTY. THOSE WHO EXECUTE A PERSONAL GUARANTY WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THESE INDIVIDUALS WILL ALSO HAVE THEIR PERSONAL ASSETS AT RISK.
5. 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.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/zounds>