

PRESS RELEASE

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Franchise Applicants Increasingly Turn Toward Financing from 401Ks

Honest-1 Auto Care's Applicants Use Retirement Funds as a Financing Alternative

Scottsdale, Ariz. (Dec. 15, 2008) – With new small business financing difficult to obtain, many franchise applicants are utilizing a financing program that draws on retirement accounts, like 401Ks and IRAs, to launch their business.

At Honest-1 Auto Care, an auto repair and maintenance franchise chain, about 20 percent of franchise locations, including the newest two locations in Pennsylvania and Utah, have successfully used this type of financing. Commonly referred to as the Retirement to Franchise Transfer plan, individuals can use their retirement funds to purchase stock in their new franchise business without triggering early distribution taxes or penalties. Since funds are being transferred from one investment to another, franchise owners are able to use the money for all small business needs, ranging from purchasing the franchise, paying for start-up expenses, expanding the business and covering franchise fees and employee salaries. As the franchise grows, so does the value of the owner's retirement savings.

For Ransom Towsley, a franchise owner in Bridgeville, Pa., the retirement financing plan granted him a financial opportunity that he may not otherwise have had. As a businessman for more than 15 years, Towsley wanted to join Honest-1's successful business model without taking out a traditional small business loan.

"There are a lot of people like myself, baby boomers with a 401K, looking to invest in something other than the stock market," Towsley said. "Now as my business grows, so does the value of my retirement savings. When I sell my franchise at retirement, the proceeds will go tax-free into my 401K. Today, I would much rather invest in myself than in the stock market."

Franchise applicants are finding it increasingly difficult to secure funding for their new business, a factor in the growing popularity of retirement transfer plans. According to the Small Business Administration, the number of 7(a) loans – the most frequently accessed loan type – fell 30 percent in the fiscal year that ended Sept. 30. Honest-1's corporate headquarters recommends several financial firms, which provide individuals with all of the information needed for a smooth transaction.

"The ability to tap into retirement funds, is a concept that has been used as a resource for small business finance for years," said Tim McCarthy, vice president of franchise development. "A lot of potential small business buyers are now learning that you can invest in a business and at the same time lower your overhead during startup. They are not having to tap into home equity or secure a bank loan."

With 19 locations across the nation, Honest-1[®] is rapidly expanding with plans to double its number of stores in a year. Honest-1[®] centers are family-friendly, and are characterized by clean and upscale waiting areas, Internet cafés, children's play areas, leather chairs and couches, HDTV and complimentary beverage stations. In addition, Honest-1[®] provides eco-friendly trademarked services to decrease emissions and increase mileage like ECO TuneUp[®] and ECO Oil Change. Visit www.honest-1.com.

About Honest-1 Auto Care:

Honest-1 Auto Care® is the only national full-service auto repair and maintenance franchise chain that is 100 percent ESA® Certified eco-friendly. Honest-1® executes four eco-friendly actions companywide, including strict recycling of auto materials, pollution prevention, resource conservation and trademarked services like ECO TuneUp® and ECO Oil Change. In addition to its high standards to be environmentally responsible, Honest-1® is committed to all-around quality customer service unprecedented in the auto repair and maintenance industry. Each Honest-1® staff member and technician is thoroughly trained to meet company-set standards, which are designed to make the maintenance process less intimidating for non-auto enthusiasts while providing, upfront honest service. With 19 locations throughout the U.S., Honest-1® centers are family-friendly, and are characterized by clean and upscale waiting areas, Internet cafés, children's play areas, leather chairs and couches, HDTV and complimentary beverage stations. Honest-1® plans to double its locations nationwide in the next year. For more information, visit www.honest-1.com.

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