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FRANCHISE DISCLOSURE DOCUMENT

## FOR USE IN

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, and Washington, D.C.



## FRANCHISE DISCLOSURE DOCUMENT

CARSTAR Franchise Systems, Inc. A Kansas corporation 8400 W. 110th Street, Ste. 200 Overland Park, KS 66210 www.carstar.com (913) 451-1294 (Phone) Email: devdept@carstar.com



You operate an automobile collision repair facility identified by distinctive trademarks and service marks, including the name CARSTAR<sup>®</sup>, and utilizing a system of regional marketing, preferred vendor relationships, business and financial analysis, providing services to the insurance industry, to commercial accounts, and to individual automobile owners

The total investment necessary to begin operation of a conversion CARSTAR franchise is \$6,600 to \$97,695, which includes an initial fee of \$2,500 to \$10,695 that must be paid to the Franchisor. The total investment necessary to begin operation of a new (ground-up) CARSTAR franchise is \$288,095 to \$794,195, which includes an initial fee of \$2,500 to \$10,695 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 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 or grant. 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 the Development Department at 8400 W 110<sup>th</sup> Street, Suite 200, Overland Park, Kansas 66210 and 1-800-999-1949

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

There may also be laws on franchising in your state Ask your state agencies about them

This Disclosure Document was issued April 21, 2012 as amended September 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 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

- THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN KANSAS OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN KANSAS THAN IN YOUR OWN STATE
- THE FRANCHISE AGREEMENT STATES THAT KANSAS 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 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may 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 be sure to do your own investigation of the franchise

We may also pay a fee to Vendors, Franchisees and/or Employees who introduce or refer a prospect to us Such persons and entities may not assist you in any way in the sales process, are not authorized to make any financial performance representations that are not included in Item 19 of this disclosure document or any statements that are inconsistent with the statements in this disclosure document

#### Effective Date

## MULTI-STATE DISCLOSURE DOCUMENT EFFECTIVE DATES

STATE	EFFECTIVE DATE
California	April 19, 2012 as amended, 2012
Illinois	April 30, 2012 as amended September 6, 2012
Indiana	April 22, 2012 as amended September 6, 2012
Michigan	October 1, 2011 as amended, 2012
New York	March 30, 2012 as amended, 2012
Rhode Island	April 26, 2012 as amended, 2012
South Dakota	March 26, 2012 as amended, 2012
Washington	May 4, 2012 as amended, 2012
Wisconsin	April 17, 2012 as amended September 6, 2012

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