

## FRANCHISE DISCLOSURE DOCUMENT



Christian Brothers Automotive Corporation

a Texas Corporation

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Christian Brothers Automotive Corporation, a Texas Corporation 15995 N. Barkers Landing, Suite 145, Houston, Texas 77079 (281) 870-8900 Phone; (281) 870-1200 Fax www.cbac.com; iwall@cbac.com

Christian Brothers Automotive Corporation offers two franchise programs: a single automotive repair facility franchise and multiple automotive repair facility franchises. The franchised business is repairing and servicing automotive vehicles. The total investment necessary to begin operation of a <u>new</u> Christian <u>Brothers</u> Automotive <del>Brothers</del> Corporation franchise is \$373.100 449.600403,100 to \$474.600</u>. This includes \$125.000175,150 that must be paid to the franchisor. If you operate more than one Christian Brothers Automotive Corporation franchise, you will pay the same fees for each franchise you operate or its affiliate(s).

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 disclosure in different formats, contact Josh Wall at <u>15995 N. Barkers Landing</u>, Suite <u>14517725 Katy Freeway</u>, Suite <u>200</u>, Houston, Texas <u>77079 or (832) 594 0419. 77094</u>, (281) 675-6100, jwall@cbac.com.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer and/or an accountant.

Buying a franchise is a complex investment, and as with any investment, there is the possibility of losing your investment. The information in this Disclosure Document can help you make an informed business decision. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which may help you understand how to use this Disclosure Document, is available from the Federal Trade Commission ("FTC"). 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.

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

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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 administrators listed in Exhibit E for information about the franchisor, about other franchisors, 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 BINDING ARBITRATION ONLY IN TEXAS. IN THE EVENT THAT A DISPUTE IS NOT SUBJECT TO ARBITRATION, THE DISPUTE MUST BE FILED IN A FEDERAL OR STATE COURT LOCATED IN HOUSTON, HARRIS COUNTY, TEXAS. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN TEXAS THAN IN YOUR HOME STATE. IF YOU ARE LOCATED IN TEXAS BUT OUTSIDE OF HARRIS COUNTY, IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN HOUSTON, HARRIS COUNTY, TEXAS.
- 2. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE LAWS.
- 3. YOUR SPOUSE MUST SIGN A SPOUSE'S CONSENT AND AN ACKNOWLEDGEMENT CONSENTING TO THE FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS WILL PLACE YOUR SPOUSE'S MARITAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 4. 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 is our agent and 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.

State registration effective dates appear on the following page.

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