

FRANCHISE DISCLOSURE DOCUMENT



Class 101, Inc.
a Kentucky corporation
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Lexington, KY 40503
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www.class101.com

We grant franchises for the operation of a business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college under the “Class 101” and “College Finance and Planning” trademarks and system of operating procedures.

The total investment necessary to begin operation of a Class 101 franchised business ranges from \$45,890.00 to \$63,300.00. This includes \$32,900.00 that must be paid to the franchisor or its affiliate prior to opening for business.

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 disclosures in different formats, contact Tom Pabin at 245 Regency Circle, Lexington, Kentucky 40503 (859-687-9629), or tpabin@class101.com.

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, 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.

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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 franchise administrators listed in Exhibit "A" 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, OR LITIGATION ONLY IN FAYETTE COUNTY, KENTUCKY. OUT OF STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT AS LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE, OR LITIGATE AGAINST US IN FAYETTE COUNTY, KENTUCKY THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT KENTUCKY GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

YOU MUST SERVICE A MINIMUM OF 20 COLLEGE PLANNING STUDENTS PER YEAR TO MAINTAIN YOUR FRANCHISE. IF YOU FAIL TO DO SO, THE FRANCHISOR CAN TERMINATE YOUR FRANCHISE AGREEMENT RESULTING IN THE LOSS OF YOUR INVESTMENT.

STARTING ONE YEAR AFTER YOU SIGN THE FRANCHISE AGREEMENT, YOU MUST PAY THE FRANCHISOR A MINIMUM ROYALTY FEE OF \$100.00 PER MONTH REGARDLESS OF THE AMOUNT OF YOUR GROSS REVENUES.

ALL THE OWNERS OF THE FRANCHISE AND THEIR SPOUSES WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIRMENT PLACES THE PERSONAL AND MARITAL ASSETS OF TH FRANCHISE OWNER AT RISK.

THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

The effective dates of this Disclosure Document in the franchise registration states appear on the following page.

Class 101State Effective Dates
(if applicable)

<u>State:</u>	<u>Effective Date:</u>
California	4/19/18
Hawaii	_____
Illinois	3/15/19
Indiana	3/20/19
Maryland	12/28/18
Michigan	4/12/18
Minnesota	_____
New York	4/24/18
North Dakota	_____
Rhode Island	_____
South Dakota	_____
Utah	_____
Virginia	8/5/18
Washington	_____
Wisconsin	_____

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