

FRANCHISE DISCLOSURE DOCUMENT

CCS FRANCHISING, LLC

A Georgia Corporation 4210 Trotters Way Alpharetta, GA 30004 (770) 664-8660 http://classic-commercial.com



The franchise offered is for the establishment and operation of a business providing commercial and residential cleaning services specializing in 24/7 floor and fiber care maintenance and emergency water restoration.

The estimated total investment necessary to begin operations of a Classic Commercial Services franchise is \$75,350 to 164,100. This includes \$20,000 that must be paid to the franchisor or affiliate.

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 Justin Longenbach, 4210 Trotters Way, Alpharetta, GA 30004, (770) 664-8660.

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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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 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 THE DISCLOSURE DOCUMENT.

Call the state franchise 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:

- 1. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN GEORGIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN GEORGIA THAN IN YOUR HOME STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND GEORGIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The Effective Date of this Franchise Disclosure Document for your state is listed on the page after the state cover pages.



ADDITIONAL RISK FACTORS REQUIRED BY GEORGIA LAW

- 1. THIS BUSINESS OPPORTUNITY IS HIGHLY SPECULATIVE; YOU MAY LOSE YOUR ENTIRE INVESTMENT.
- 2. YOU SHOULD UNDERSTAND THAT THIS BUSINESS INVOLVES SUBSTANTIAL RISKS, WHICH ARE INHERENT AND CANNOT BE ELIMINATED. SUCCESS IS PRIMARILY DEPENDENT ON YOUR ABILITY AND EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR, AS WELL AS THE DEGREE TO WHICH YOU FOLLOW THE SYSTEM. THE PURCHASE OF ANY FRANCHISE IS A SPECULATIVE INVESTMENT AND SIGNIFICANT INVESTMENT BEYOND THAT OUTLINED IN THIS DISCLOSURE DOCUMENT MAY BE REQUIRED TO SUCCEED. THERE ARE NO GUARANTEES OF SUCCESS AND THE MOST IMPORTANT FACTORS IN THE SUCCESS OF ANY FRANCHISED BUSINESS, INCLUDING YOURS, ARE YOUR PERSONAL BUSINESS, MARKETING, MANAGEMENT, JUDGMENT AND OTHER SKILLS AND YOUR WILLINGNESS TO WORK HARD.
- 3. WE RECOMMEND THAT YOU PROVIDE FOR THE POSSIBILITY THAT YOUR EXPENSES MAY EXCEED REVENUES AND MAINTAIN SUFFICIENT CASH RESERVES TO CARRY YOU THROUGH THE STARTUP AND DEVELOPMENT STAGES OF YOUR BUSINESS. THE EXACT AMOUNT OF SUCH RESERVES WILL VARY FROM OPERATION TO OPERATION AND CANNOT BE MEANINGFULLY ESTIMATED. YOU SHOULD CONSULT WITH YOUR ACCOUNTANT AND YOUR FINANCIAL ADVISOR IN ORDER TO DEVELOP A BUSINESS PLAN FOR YOUR PARTICULAR OPERATION.
- 4. YOU SHOULD TAKE INTO ACCOUNT THE CASH OUTLAYS AND PROBABLE LOSSES THAT YOU MAY INCUR WHILE YOU ARE TRYING TO GET ESTABLISHED. EXTENSIVE START-UP COSTS MAY BE INVOLVED, DEPENDING UPON YOUR CIRCUMSTANCES.
- 5. EVERY STATE AND MANY LOCAL JURISDICTIONS HAVE ENACTED LAWS, RULES, REGULATIONS AND ORDINANCES WHICH MAY APPLY TO THE OPERATION OF YOUR FRANCHISED BUSINESS, INCLUDING THOSE THAT (A) ESTABLISH GENERAL STANDARDS, SPECIFICATIONS AND REQUIREMENTS FOR THE CONSTRUCTION, DESIGN AND MAINTENANCE OF THE BUSINESS SITE AND PREMISES; (B) REGULATE MATTERS AFFECTING THE HEALTH, SAFETY AND WELFARE OF YOUR CUSTOMERS, SUCH AS GENERAL HEALTH AND SANITATION REQUIREMENTS, RESTRICTIONS ON SMOKING, AVAILABILITY OF AND REQUIREMENTS FOR PUBLIC ACCOMMODATIONS, INCLUDING RESTROOMS; (C) SET STANDARDS PERTAINING TO EMPLOYEE HEALTH AND SAFETY; AND (D) SET STANDARDS AND REQUIREMENTS FOR FIRE SAFETY AND GENERAL EMERGENCY PREPAREDNESS. YOU SHOULD INVESTIGATE WHETHER THERE ARE REGULATIONS AND REQUIREMENTS THAT MAY APPLY IN THE GEOGRAPHIC AREA IN WHICH YOU ARE INTERESTED IN LOCATING YOUR FRANCHISE BUSINESS AND SHOULD CONSIDER BOTH THEIR EFFECT AND COST OF COMPLIANCE.
- 6. THERE MAY BE OTHER SPECIFIC LAWS OR REGULATIONS IN YOUR STATE OR MUNICIPALITY REGARDING THE OPERATION OF THIS BUSINESS OPPORTUNITY. YOU SHOULD ALSO FAMILIARIZE YOURSELF WITH FEDERAL, STATE AND LOCAL LAWS OF A MORE GENERAL NATURE, WHICH MAY AFFECT THE OPERATION OF YOUR BUSINESS OPPORTUNITY. YOU MUST COMPLY WITH EMPLOYMENT, HEALTH AND SAFETY, WORKERS' COMPENSATION, INSURANCE, LICENSING AND SIMILAR LAWS AND REGULATIONS. THE LAWS IN YOUR STATE OR MUNICIPALITY MAY BE MORE OR LESS STRINGENT. YOU SHOULD EXAMINE THESE LAWS BEFORE PURCHASING A FRANCHISE FROM US.
- 7. WE URGE YOU TO CAREFULLY REVIEW ALL DOCUMENTS WITH INDEPENDENT ADVISORS WHO CAN PROVIDE LEGAL, BUSINESS AND/OR ECONOMIC GUIDANCE, SUCH AS A LAWYER AND/OR ACCOUNTANT, PARTICULARLY IF A RENEWAL OR TRANSFER OF AN EXISTING AGREEMENT IS INVOLVED.
- 8. WE ENCOURAGE YOU TO SEEK THE ADVICE OF YOUR ATTORNEY AND INVESTIGATE THE LAWS OF THE STATE IN WHICH YOU ARE CONSIDERING ESTABLISHING A FRANCHISED BUSINESS.
- 9. YOU WILL COMPETE WITH SIMILAR TYPE BUSINESSES. YOUR COMPETITION MAY BE LOCAL, INDEPENDENTLY OWNED BUSINESSES OR MAY BE PART OF A REGIONAL OR NATIONAL CHAIN OR FRANCHISE. YOU MAY ALSO ENCOUNTER COMPETITION FROM OTHER SUCH TYPE BUSINESSES OPERATED BY US OR OTHER FRANCHISEES. COMPETITION MAY INCREASE DUE TO FLUCTUATIONS IN PREFERENCES AND HABITS OF THE PUBLIC, LOCAL AND NATIONAL ECONOMIC CONDITIONS, POPULATION DENSITY AND GENERAL TRAFFIC CONDITIONS; THESE FACTORS ARE GENERALLY DIFFICULT TO PREDICT.

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