

FRANCHISE DISCLOSURE DOCUMENT



SUBFRANCHISOR:

D&G ENTERPRISES, INC.

DBA CLEANNET OF THE BAY AREA

333 Hegenberger Road, Suite 806

Oakland, California 94621

(510) 635-2500

dcrum@cleannetusa.com

FRANCHISOR:

CleanNet U.S.A., Inc.

2010 Corporate Ridge, Suite 700

McLean, Virginia 22102

(800) 735-8838

stessier@cleannetusa.com

www.cleannetusa.com

As a CleanNet® franchisee, you will open and operate an independent commercial cleaning and related services business that operates under the CleanNet mark and system.

The total investment necessary to begin operation of a CleanNet franchise ranges from \$17,518 to \$86,679. This includes \$12,500 to \$69,500 that must be paid to the franchisor or its 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, franchisor or an affiliate in connection with the proposed franchise sale.

Note, however, that no government agency has verified the information contained in this document.

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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 19, 2018

STATE COVER PAGE

Your state may have a franchise law that requires the 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 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 YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION OR LITIGATION ONLY IN ALAMEDA COUNTY, CALIFORNIA. OUT OF STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. YOUR TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.
4. YOU ARE REQUIRED TO FORM A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER LEGAL ENTITY, OBTAIN A BUSINESS LICENSE, AND OBTAIN SEVERAL TYPES OF INSURANCE BEFORE OPERATING THIS FRANCHISE.
5. ONCE OUR OBLIGATION TO OFFER YOU INITIAL BUSINESS HAS BEEN FULFILLED, WE HAVE NO OBLIGATION TO OFFER FURTHER BUSINESS.
6. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT YOUR RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING, BUT NOT LIMITED TO, A LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.
7. ALL OWNERS OF THE FRANCHISEE ARE REQUIRED TO SIGN A JOINDER, MAKING THEM PERSONALLY LIABLE FOR THE FRANCHISE'S OBLIGATIONS.
8. FOR MORE INFORMATION, YOU ARE ADVISED TO REVIEW THE BROCHURE "BUYING A JANITORIAL

SERVICES FRANCHISE", LOCATED ON THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT'S WEBSITE AT: http://www.dbo.ca.gov/Licensees/franchise_investment_law/pdf/janitorial.pdf.

9. OUT OF THE 53 OUTLETS IN OPERATION AT THE BEGINNING OF 2017 IN SAN FRANCISCO AREA, 8 WERE EITHER TERMINATED OR CEASED OPERATIONS FOR OTHER REASONS AND OUT OF 22 OUTLETS IN OPERATION AT THE BEGINNING OF 2017 IN SAN JOSE AREA, 2 WERE TERMINATED OR CEASED OPERATIONS FOR OTHER REASONS.

10. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

California Effective Date: _____, 2018

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/cleannet>