

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

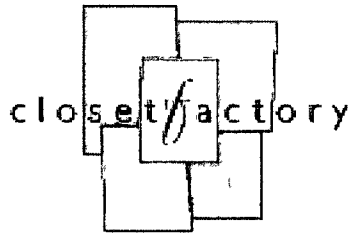
APR 17 2013

1 Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, inventory, training and other items stated in the offering

Category	Costs
Real Estate	\$_____
Improvements	\$_____
Equipment	\$_____
Inventory	\$50_____
Training	\$3,000_____
Other Items	\$100_____
Total	\$3,150_____

2 The source of these funds is the operating cash flow and working capital of the corporation

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DEPARTMENT OF CORPORATIONS
RECEIVED LOS ANGELES OFFICE

APR 17 2013

**FRANCHISE DISCLOSURE DOCUMENT
THE CLOSET FACTORY FRANCHISE CORPORATION**

(A California Corporation)
12800 South Broadway
Los Angeles, California 90061
(310) 516-7000
www.closetfactory.com
info@closetfactory.com

The Franchisee will operate a Closet Factory Business which will market, install, repair, and service custom closets and storage systems for consumers and sell other related products and services

The total investment necessary to begin operations of a Closet Factory franchise ranges from \$182,500 to \$310,000. This includes \$46,500 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. **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 our Chief Executive Officer and Chief Financial Officer, John La Barbera at 12800 South Broadway, Los Angeles, California 90061 and 310-516-7000, info@closetfactory.com

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire 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 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 franchise administrator listed in **Exhibit F** 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, AND/OR LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION, ARBITRATION, AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE, AND/OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

SEE NEXT PAGE FOR STATE EFFECTIVE DATES

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