

CONCRETE CRAFT® FRANCHISE DISCLOSURE DOCUMENT

AMERICAN DECORATIVE COATINGS, LLC

A Delaware Limited Liability Company
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The franchised business is a mobile business that offers decorative concrete products and installation services.

The total investment necessary to begin operation of a Concrete Craft® franchise ranges from \$135,290 - \$227,070. This includes \$69,950 to \$109,950 that must be paid to the franchisor.

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 Jonathan Thiessen, American Decorative Coatings, LLC, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

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 about them.

ISSUANCE DATE: MARCH 20, 2019 AS AMENDED JULY 8, 2019 AND OCTOBER 21, 2019

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 E-1 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 ARBITRATION ONLY IN CALIFORNIA. 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 CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. FRANCHISEES MUST PAY ROYALTIES OF \$300 PER MONTH FOR MONTHS 1 THROUGH 6, \$700 PER MONTH FOR THE MONTHS 7 THROUGH 12, \$1,300 PER MONTH FOR MONTHS 13 THROUGH 24 AND \$2,000 PER MONTH FOR EACH MONTH AFTER THAT, EVEN IF THE FRANCHISED BUSINESS HAS NO REVENUE. IN ADDITION, ADVERTISING FEES ARE \$300 PER MONTH AND WILL INCREASE AS NEW TERRITORIES ARE SOLD, UP TO \$1,500 PER MONTH WHEN THERE ARE 400 TERRITORIES.
4. THE FRANCHISEE'S SPOUSE IS REQUIRED TO SIGN A PERSONAL GUARANTY OF THE FRANCHISEE'S OBLIGATIONS, MAKING THE SPOUSE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS TO THE FRANCHISOR EVEN IF THE SPOUSE IS NOT INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE SPOUSE AT RISK.
5. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$135,290 TO \$227,070. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, 2018, WHICH IS \$(116,293).
6. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (see Item 21, Exhibit B) CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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 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.

EFFECTIVE DATES: See next page

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