

FORTE®

FRANCHISE DISCLOSURE DOCUMENT

(For Use in California)

FRANCHISE DISCLOSURE DOCUMENT

CALY, LLC
a California limited liability company
dba Forte of San Diego

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FORTE®

As a franchisee, you will operate a business offering janitorial services specializing in commercial cleaning under the Forte™ trademark.

The total investment necessary to begin operation of a Forte™ franchise is between \$8,900 and \$32,700. This includes the \$7,500 to \$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 regarding 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 Eric Contreras at eric@fortecommercialcleaning.com and (619) 542-0404.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this document to an advisor, like an attorney 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 “E”** 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 LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. 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 THE FRANCHISOR CONTROLS.
4. IF YOUR FRANCHISE IS TERMINATED DUE TO YOUR DEFAULT, WE MAY COLLECT LIQUIDATED DAMAGES TOTALING 36 MONTHS OF ROYALTY FEES, PLUS 36 MONTHS OF MARKETING FEES. ROYALTY FEES WILL BE CALCULATED BY TAKING YOUR CURRENT CONTRACTS AT THE TIME OF TERMINATION OR THE AVERAGE GROSS REVENUE OF YOUR CONTRACTS FOR THE ONE YEAR PRIOR TO DEFAULT, OR THE PERIOD YOU HAVE OPERATED IF YOU HAVE OPERATED LESS THAN A YEAR (DETERMINED BY US IN OUR SOLE DISCRETION) AND MULTIPLYING THAT BY THE ROYALTY PERCENTAGE AS PROVIDED IN YOUR FRANCHISE AGREEMENT, MULTIPLIED BY 36 (MONTHS). MARKETING FEES WILL BE CALCULATED USING THE SAME FORMULA AS ABOVE, BUT

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