

Department of FRANCHISE DISCLOSURE DOCUMENT Business Oversight

The Intelligent Office System, LLC

(a Colorado limited liability company)
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INTELLIGENT OFFICE

We franchise progressive virtual officing and communications solutions businesses. We refer to the businesses as "INTELLIGENT OFFICE Centers" or "Centers" Centers offer a range of vital business services to a mobile and non-mobile client base. We give you the technology, training, know-how and support to customize your services for each Client. Your services will include "follow-me" communications service (regardless of the Client's location), live reception and secretarial services, modern office technology, conference rooms, office space (short term or long-term use), and other necessary business support to your Clients. Franchisees may choose between two office sizes and related services to offer at their Centers. We refer to the larger size as the "Main Center" and the smaller size as the "Connect Center". Each Center operates under our distinctive trademarks, business format, systems, methods, procedures, designs, layouts and specifications, including a proprietary cloud-based integrated communications and client management system. Our proprietary system relieves franchisees from traditionally-required capital investments in computer hardware and software, and further relieves them of needing expensive and ongoing maintenance, troubleshooting and updates to them

The total investment necessary to begin operation of an INTELLIGENT OFFICE Main Center franchise ranges from \$394,940 to \$879,110 This includes \$152,200 - \$389,000 that must be paid to the franchisor or its affiliate The total investment necessary to begin operation of an INTELLIGENT OFFICE Connect Center franchise ranges from \$256,400 to \$525,640 This includes the \$101,800 - \$217,800 that must be paid to the franchisor or its affiliate

The Intelligent Office System, LLC, offers area-development rights for franchise developers who want to develop and operate more than one franchised business We do not require a minimum number of franchises to be opened under the Area Development Agreement

When you sign an Area Development Agreement, you must pay the franchisor development fees For a Main Center this includes \$45,000 that must be paid to the franchisor or its affiliate(s) For a Connect Center this includes \$23,000 that must be paid to the franchisor or its affiliate(s)

The technology charges for each of the Centers is due and payable in accordance with the Technology Agreement and Franchise Agreement executed for each Main Center or Connect Center developed



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 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 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, 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 also be laws on franchising in your state Ask your state agencies about them THE DATE OF ISSUANCE OF THIS DISCLOSURE DOCUMENT IS: May 15, 2018.



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 <u>Exhibit A</u> for information about the franchisor, about other franchisors, 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

- THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN COLORADO. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN COLORADO THAN IN YOUR HOME STATE
- 2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT COLORADO 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not currently use the services of a franchise broker or referral sources to assist us in selling our franchise, but we may do so in the future

See next page for effective dates in certain states

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