

FRANCHISE DISCLOSURE DOCUMENT



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The franchise offered is for the establishment and operation of business providing professional residential and commercial painting and minor home improvement services.

The total investment necessary to begin operation of a Klappenberger & Son franchise is from \$72,072 to \$105,217. This includes between \$25,000 and \$30,000 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, 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.**

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.

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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 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 THAT MOST DISAGREEMENTS BE SUBMITTED TO MEDIATION AND, IF NECESSARY, ARBITRATION IN THE COUNTY AND STATE OF OUR PRINCIPAL PLACE OF BUSINESS, WHICH CURRENTLY IS ANNE ARUNDEL COUNTY, MARYLAND. OUT-OF-STATE MEDIATION OR 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 OUR HOME STATE THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF MARYLAND GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST SIGN A SPOUSAL CONSENT TO YOUR GUARANTY OF THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THIS CONSENT WILL PLACE YOUR SPOUSE'S MARITAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

4. WE WERE FORMED ON OCTOBER 3, 2014 AND HAVE A BRIEF OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The Effective Date in the State of Maryland is _____, 2016.

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EXHIBITS

- A. LIST OF STATE ADMINISTRATORS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- C. FRANCHISE AGREEMENT
- D. FINANCIAL STATEMENTS
- E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- F. STATE SPECIFIC ADDENDA

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