FRANCHISE DISCLOSURE DOCUMENT



The Cleaning Authority, LLC a Maryland Limited Liability Company 7230 Lee DeForest Drive Suite 200 Columbia, Maryland 21046 (410) 740-1900 www.thecleaningauthority.com

The Cleaning Authority franchise offers a cleaning service program that specializes in residential cleaning, as well as unique marketing services to customers, using a customized proprietary computer system for tracking and controls.

The total initial investment necessary to begin operation of a THE CLEANING AUTHORITY[®] franchised business is between \$87,434 to \$135,879. This includes approximately \$47,934 to \$77,879 that must be paid to the franchisor or its affiliates.

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, us or an affiliate in connection with the proposed franchise sale. Note, however, that no government 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 <u>Tim EvankovichIric Wexler</u> at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046 and (410) 740-1900.

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 on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: March 26, 2014, as amended August 25, 2014

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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 <u>Exhibit A</u> 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 EITHER BY ARBITRATION OR LITIGATION IN MARYLAND ONLY. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN MARYLAND THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT REQUIRES THAT MARYLAND 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. ALL OWNERS OF THE FRANCHISEE ENTITY MUST SIGN A GUARANTY OF ALL OF THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH PLACES THEIR PERSONAL ASSETS AT RISK.
- 4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$87,434 to \$135,879. THIS AMOUNT EXCEEDS THE FRANCHISOR'S TOTAL EQUITY AS OF DECEMBER 31, 2013, WHICH IS REPORTED TO BE A DEFICIT OF \$319,266.
- 5. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2013, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF \$(319,266).

6.4. 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 Date: See the next page for state effective dates.



STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Illinois	March 27, 2014, as amended August , 2014
Indiana	March 27, 2014, as amended August 25, 2014
Michigan	April 30, 2014, as amended August 25, 2014
Minnesota	April 1, 2014, as amended August , 2014
New York	April 30, 2014, as amended August , 2014
Rhode Island	March 27, 2014, as amended August , 2014
Virginia	April 1, 2014, as amended August , 2014
Washington	April 9, 2014, as amended August , 2014
Wisconsin	March 26, 2014, as amended August 25, 2014

This FDD-is should not be used in California, Hawaii, Maryland, North Dakota, or South Dakota.

In all other states, the effective date of the Franchise Disclosure Document is the issuance date of March 26, 2014., as amended August 25, 2014.

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