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May 31, 2013

VIA OVERNIGHT COURIER

Theresa Leets, Esq
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

DEPARTMENT OF CORPORATIONS
RECEIVED LOS ANGELES OFFICE

JUN 04 2013

Dear Ms Leets

On behalf of our client, **CBD Franchising, Inc. [DOC File No. 993-5544]**, doing business as Closets By Design ("CBDF"), and in response to your emailed comment letter respecting CBDF's pending franchise registration renewal in California, please consider the following

1 In response to your first comment, Items 5 and 7 of CBDF's franchise disclosure document ("FDD") already provide for a deferral of payment of the initial franchise fee until CBDF's initial obligations are completed. However, section 5.01(c) of CBDF's Franchise Agreement required a corresponding revision to provide for the fee deferral.

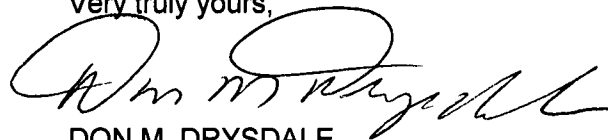
2 In response to your second and third comments, we modified the state cover page of the FDD accordingly.

3 In response to your fourth comment, we modified Exhibit G of the FDD accordingly.

Enclosed are (i) redlined copies of all revised pages in response to your comment letter and (ii) a complete clean copy of the FDD.

Please notify us when registration renewal is granted or of any additional comments or questions you may have.

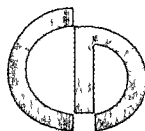
Very truly yours,



DON M DRYSDALE

Enclosures

cc Mr Jerry Egner
Ms Joann Terrones

FRANCHISE DISCLOSURE DOCUMENT**MARKED TO SHOW CHANGES****ClosetsbyDesign****CBD FRANCHISING, INC
A California Corporation
11145 Knott Avenue, Suite A
Cypress, California 90630-5140
(714) 890-5860****DEPARTMENT OF CORPORATIONS
REGISTERED LOS ANGELES OFFICE****JUN 04 2013****URL. www.closetsbydesign.com****E-mail: cbdfanchising@closetsbydesign.com**

The franchisee will operate a retail sales and installation business selling custom closets, garage cabinets and other organizers within a designated territory. The total investment necessary to begin operation of a Closets by Design franchise is from \$124,900 to \$278,400 (not including real property), including \$36,900 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 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 the Franchise Sales Administrator at 11145 Knott Avenue, Suite A, Cypress, California 90630, (714) 890-5860.

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.

Issuance date ~~April 3~~ May 31, 2013.

CA

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 F 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

ALL OF OUR ASSETS, INCLUDING OUR TRADEMARKS, ARE PLEDGED AS SECURITY TO REPAY A LOAN IN THE AMOUNT OF \$17,391,133 THAT WE OBTAINED FROM EXCLUSIVE FUNDING, LLC

THE FRANCHISE TERRITORY GRANTED UNDER THE FRANCHISE AGREEMENT IS NOT EXCLUSIVE

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 is our agent and 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

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/your-cbd-stores>