

FRANCHISE DISCLOSURE DOCUMENT **RED LINE**



The Cleaning Authority, LLC  
a Maryland Limited Liability Company  
7230 Lee DeForest Drive  
Suite 200  
Columbia, Maryland 21046  
(410) 740-1900  
[www.thecleaningauthority.com](http://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 ~~Tim Evankovich~~ Iric Wexler 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](http://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

## 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 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.

**THE CLEANING AUTHORITY, LLC**  
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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Cleaning Authority, LLC (“we,” “us,” “our,” “ours” “TCA, LLC” or the “Company”) is a Maryland limited liability company, organized on February 4, 2010, with our principal office located at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Our telephone number is (410) 740-1900. ~~Through a series of mergers (“Mergers”) that occurred on March 24, 2010, our predecessor The Cleaning Authority, Inc. (defined below), and all of its assets, liabilities and interests, including THE CLEANING AUTHORITY franchise system, were merged with and into us, the franchisor (The Cleaning Authority, LLC). As further described below, we also assumed TCA Supplies’ interest in the Mailer Program (a direct mail advertising program in which all franchisees must participate) and related agreements, effective April 5, 2010, such that we are the supplier of Mailer Program services.—We began offering franchises in September 2010. We have not offered franchises in any other line of business. Our agents for service of process are listed in Exhibit A.~~

Parents

TCA, LLC’s parent company is TCA Operating, LLC (“TCA Operating”). TCA Operating was formed as a Maryland limited liability company in March 2010. In July 2014, TCA Operating converted to a Delaware limited liability company. TCA Operating has the same principal place of business as us.

Since August 2014, TCA Operating’s parent company is Cleaning Authority Holding Company, LLC (“Holding Company”). Holding Company is a Delaware limited liability company formed in July 2014 and has the same principal place of business as us.

Affiliates

Mighty Maids, LLC (“MM”) is a limited liability company formed in Maryland in July 2014 and formerly operated “Mighty Maids” cleaning services. MM’s predecessor (Mighty Maids Incorporated) developed the system of cleaning homes (the “System”) and the rights to this System have been assigned to us. Since 1996, MM has operated a business under the name “THE CLEANING AUTHORITY” to service the Baltimore and Washington, D.C. area (“Affiliate-Operated Business”). MM has the same principal business address as we do. MM has never offered franchises in any line of business.

Our affiliate, The Cleaning Authority Inc., is a corporation formed in the Province of New Brunswick in August 2014. The Cleaning Authority Inc. maintains its principal business address at 1 Germain Street Suite 1700, Saint John NB E2L 4V1. The predecessor of The Cleaning Authority Inc., The Cleaning Authority Canada, LLC offered franchises in Canada under “THE CLEANING AUTHORITY” mark and logo from February 2011 to July 2014. As of the date of this Disclosure Document, there are eight (8) franchised businesses in Canada. Except as described above, The Cleaning Authority Inc. has not offered franchises in any line of business nor conducted business in any other line of business.

Predecessors

Through a series of mergers (“2010 Mergers”) that occurred on March 24, 2010, our predecessor The Cleaning Authority, Inc. (a Maryland corporation) (“TCA, Inc.”), and all of its assets, liabilities and interests, including THE CLEANING AUTHORITY franchise system, were merged with and into us. TCA, Inc. was organized in 1991 and had the same principal place of business as us. TCA, Inc. conducted business and offered franchises under the name “THE CLEANING AUTHORITY” and conducted business of the type offered in this Disclosure Document from 1996 until March 2010. TCA, Inc. did not engage in other lines of business or offer franchises in other lines of business.

Prior to April 2010, our affiliate, S&T Management, LLC (d/b/a "TCA Supplies") provided services for the Mailer Program to our franchisees. TCA Supplies was formed as a Maryland limited liability company on February 4, 2010. In March 2010, TCA Supplies' predecessor, S&T Management, Inc. (the "TCA Supplies Predecessor"), was merged with and into TCA Supplies. TCA Supplies Predecessor was organized in the State of Maryland in 1991, and most recently, maintained its principal place of business at our headquarters in Columbia, Maryland. From 1996 until April 5, 2010, the TCA Supplies Predecessor was an approved supplier of cleaning products and supplies, and the supplier of our direct mail advertising program which all franchisees are required to participate in. Neither TCA Supplies nor the TCA Supplies Predecessor has offered franchises in any line of business or conducted any other business.

Except as noted above, we have no affiliates, parents or predecessors that must be disclosed in this Item 1.

### The Franchise

We offer franchises allowing you to operate a cleaning business under "THE CLEANING AUTHORITY" name and service mark ("Business"), according to a The Cleaning Authority Franchise Agreement that you and we will sign ("Franchise Agreement"). A copy of the Franchise Agreement is attached to this Disclosure Document as Exhibit C. The Business will specialize in cleaning the inside of a residential home similar to a maid service ("Core Services"), but may also include carpet cleaning, window cleaning, furniture cleaning, the cleaning of commercial properties and businesses, and any other type of cleaning service to any customer ("Non-Core Services"). You are prohibited from offering Non-Core Services during the term of the Franchise Agreement unless you do so under the Marks and pay to us a royalty on all revenue attributable to your provision of Non-Core Services.

Your Business will operate according to various environmentally-conscious guidelines and recommendations, as published from time to time either (1) by Green Seal, Inc., an independent non-profit organization engaged in the testing and certification of products (including housecleaning solutions, devices and related products) that meet certain scientific-based environmental standards, (2) the Environmental Protection Agency ("EPA"), or (3) another entity or organization we specify. For example, as of the date of this Disclosure Document, our franchisees and our affiliate, Mighty Maids, Incorporated, use certain chemicals and cleaning practices certified by Green Seal or the EPA, including the use of Green Seal general cleaning products, EPA-registered disinfectants and HEPA filters.

You will operate your Business within a specific territory (the "Territory"), which will contain at least 30,000 Designated Households, ~~although as~~ As noted in Item 5, you may increase the geographic footprint of your Territory by paying an additional fee to us and signing an amendment to the Franchise Agreement. A "Designated Household" is a home with an estimated annual gross income of at least \$60,000, except in California where the estimated annual gross income for a Designated Household is \$75,000. We or an affiliate will identify "Designated Households" in the Territory with reference to information provided by a third-party data compilation and demographic information service provider that we select. We license you to use the System with our service marks, trademarks, logos, trade secrets and other confidential information. You must participate in the Mailer Program and pay the associated fees described in Items 5, 6, 7 and 8 of this Disclosure Document. It is essential to the ongoing operation of the Business that you develop new customers, as well as service those existing or potential customers that we refer to you or develop.

The market for the Business is developing at this time and is competitive. Because of the continuing increase of dual income families, we believe the size of the market will continue to grow. Your competitors will be local and national cleaning companies, as well as individuals who provide cleaning services on a full or part time basis.

You may need to obtain a business license or permit to operate the Business and will need to comply with federal, state and local laws regulating businesses generally. You should familiarize yourself with these laws.

#### Parents and Predecessors

~~We have two parents, TCA Operating, LLC (“TCA Operating”) and TCA Holding Company, LLC (“TCA Holdings”). TCA Operating is a Maryland limited liability company organized on March 23, 2010. Likewise, TCA Holdings is a Maryland limited liability company organized on March 23, 2010. TCA Operating and TCA Holdings each maintain their principal place of business at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Except as noted above with respect to TCA Operating and TCA Holdings, we have no other parents.~~

~~Our predecessor, The Cleaning Authority, Inc. (“TCA, Inc.”), was organized in the State of Maryland in 1991. TCA, Inc. maintained its principal place of business at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. TCA, Inc. conducted business and offered franchises under the name “THE CLEANING AUTHORITY” and conducted business of the type offered in this Disclosure Document from 1996 until the Mergers in March 2010. TCA, Inc. did not engage in other lines of business or offer franchises in other lines of business. Except as noted above with respect to TCA, Inc., we have no other predecessors.~~

#### Affiliates

~~Our affiliate, Oasis Senior Advisors Franchise Systems, LLC (“Oasis”), is a Maryland limited liability company, organized on September 30, 2013 with a principal office located at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Oasis began offering OASIS SENIOR ADVISORS franchises in February 2014. Oasis does not operate any OASIS SENIOR ADVISORS businesses. Oasis has not offered franchises for nor conducted business in any other line of business or under any other trade name.~~

~~Our affiliate, Mighty Maids, Incorporated d/b/a “The Cleaning Authority” (“MM”), is a Maryland corporation organized in 1978 and formerly operated “Mighty Maids” cleaning services. MM developed the system of cleaning homes (the “System”) and the rights to this System have been assigned to us. Since 1996, MM has operated a business under the name “THE CLEANING AUTHORITY” to service the Columbia, MD area (“Affiliate Operated Business”). MM has the same principal business address as we do. MM has not offered franchises for nor conducted business in any other line of business.~~

~~Our affiliate, The Cleaning Authority Canada, LLC (“TCA Canada”), is a Maryland limited liability company formed in January 2011. In March 2011, TCA Canada began offering franchises in Canada under “THE CLEANING AUTHORITY” mark and logo. As of the date of this Disclosure Document, TCA Canada has eight (8) franchised businesses. Except as described above, TCA Canada has not offered franchises in any line of business nor conducted business in any other line of business.~~

~~Prior to April 5, 2010, we had one other affiliate, S&T Management, LLC (d/b/a “TCA Supplies”). TCA Supplies was formed as a Maryland limited liability company on February 4, 2010. On or about March 24, 2010, the TCA Supplies Predecessor (defined below) merged with and into TCA Supplies. TCA Supplies’ predecessor, S&T Management, Inc. (the “TCA Supplies Predecessor”), was organized in the State of Maryland in 1991, and most recently, maintained its principal place of business at our headquarters in Columbia, Maryland. From 1996 until April 5, 2010, the TCA Supplies Predecessor was an approved supplier of cleaning products and supplies, and the supplier of the Mailer Program on behalf of our franchisees. Effective as of April 5, 2010, TCA Supplies merged with and into us and we assumed all of TCA Supplies’ assets, liabilities and interests in the Mailer Program (and related agreements with franchisees). Accordingly, as of April 5, 2010, (1) TCA Supplies is not an approved supplier of any~~

~~products or services for our franchisees (and, accordingly, is no longer an affiliate for purposes of this Disclosure Document), and (2) we are an approved supplier of cleaning products/supplies and the supplier of the Mailer Program (as further described in Item 8). Neither TCA Supplies nor the TCA Supplies Predecessor has offered franchises in any line of business.~~

~~Except as noted above, we have no affiliates, parents or predecessors that must be disclosed in this Item 1.~~

## **ITEM 2**

### **BUSINESS EXPERIENCE**

~~Steve Robinson: Chief Executive Officer, Treasurer and Director~~

~~Mr. Robinson has been our Chief Executive Officer, Treasurer and a Director since February 2010~~July, 2014. He also has served as ~~the~~was our Chief Executive Officer, Treasurer and a Director from February 2010 to August 2014. Mr. Robinson served as Chief Executive Officer of MM from 1989 to August 2014; Chief Executive Officer of our parent companies, TCA Operating and TCA Holdings since March 2010. Mr. Robinson has ~~TCA Operating from March 2010 to August 2014; Chief Executive Officer, Treasurer and Director of The Cleaning Authority Canada, LLC from January 2011 to August 2014. From May 1996 to March 2010, he served as the Chief Executive Officer, Treasurer and Director of our affiliate, TCA Canada since January 2011 and of our affiliate Oasis and Oasis Senior Advisors, LLC ("OSA") since October 2013. In addition, he has served as Chief Executive Officer of our affiliate, MM since 1989. From May 1996 to March 2010, Mr. Robinson served as the Chief Executive Officer, Treasurer and a Director of our predecessor, TCA, Inc., a Director of TCA, Inc., and from 1991 to March 2010, he served as the Chief Executive Officer of our former affiliate, the TCA Supplies Predecessor. All of these positions are or were based in Columbia, Maryland.~~

~~Tim Evankovich: President and~~Michael Rost: Director

~~Mr. Evankovich has been our President and a Director since February 2010. He was our Chief Operating Officer from February 2010 to November 2012. From January 2011 to the present, Mr. Evankovich has served as the President and Director of TCA Canada. He was also Chief Operating Officer of the following entities: TCA Operating from March 2010 to November 2012; TCA Holdings from March 2010 to November 2012; TCA Canada from January 2011 to November 2012; and MM from 1989 to November 2012. From May 1996 to March 2010, Mr. Evankovich was the President, Chief Operating Officer and a Director of our predecessor, TCA, Inc. From 1991 to March 2010, Mr. Evankovich also was the Chief Operating Officer of our former affiliate, the TCA Supplies Predecessor. All of these positions are based in Columbia, Maryland.~~

~~Mr. Rost has been a Director since August 2014. Since January 2011, he has been a Managing Director with PNC Riverarch Capital in Pittsburgh, Pennsylvania. From May 2006 to December 2010, Mr. Rost was a Vice President with PNC Equity Partners in Pittsburgh, Pennsylvania.~~

~~Andrew Wiechkoske: Director~~

~~Mr. Wiechkoske has been a Director since August 2014. Since March 2011, he has been a Director with PNC Riverarch Capital in Pittsburgh, Pennsylvania. From August 2008 to February 2011, Mr. Wiechkoske was an Associate with PNC Equity Partners in Pittsburgh, Pennsylvania.~~

~~John Patrick Dannelly: Chief Financial Officer~~

~~Mr. Dannelly has been our Chief Financial Officer since September 2013. From August 2009 to September 2013, he was a Senior Management Consultant for Deval, LLC in Washington, DC.~~



Rob Weddle: Chief Operating Executive Officer

~~Mr. Weddle has been our Chief Operating Executive Officer since August 2014. From August 2013, He to August 2014, he was our Chief Operating Officer. Mr. Weddle served as our Vice President of Operations from February 2010 to July 2013. Mr. Weddle He has been Vice President of Operations for our affiliate, TCA The Cleaning Authority Inc. (a New Brunswick corporation) since August 2014 and for The Cleaning Authority Canada, since LLC from January 2011. From August 2009 to March 2010, he was the Vice President of Operations for our predecessor, TCA, Inc. From April 2005 through July 2009, August 2014. Mr. Weddle was TCA, Inc.'s held various positions with us and our predecessor as Vice President of Operations from August 2009 to March 2010 and Operations Representative in Newark, Delaware, where he supported TCA offices located on the east coast. Mr. Weddle from April 2005 through July 2009. He also is the Vice President and an owner of Longhorn Enterprises, Inc. d/b/a The Cleaning Authority in Newark, Delaware, a position he has held since September 2002. Since April 2013, he has owned an interest in Dirty Dozen, LLC d/b/a The Cleaning Authority in Harrisburg, Pennsylvania. Except as noted, all of these positions are based in Columbia, Maryland.~~

Andrew Sachs: Director

Iric Wexler: Vice President, Development

~~Mr. Sachs Wexler has served as a Director our Vice President, Development since April 2010. Mr. Sachs also has August 2014. He was Vice President, Development for FranForward LLC from June 2013 to August 2014. From November 2012 to June 2013, he served as a Director of our parent, TCA Operating, LLC, since April 2010, as a Director of our affiliate, TCA Canada, since January 2011, and, as a Director of our affiliate Oasis since October 2013. He has also served as Managing Member for Sachs Capital Vice President, Brand Development for STG Development Group, LLC in Potomac, Maryland since January 2007. Except as noted, all of these positions are based. From February 2003 to November 2012, Mr. Wexler served as Vice President, Development of us and our predecessors in Columbia, Maryland.~~

### **ITEM 3 LITIGATION**

Concluded actionsaction:

The South Shore Cleaning Authority, Inc., Arnel Sevilla and Deborah Sevilla v. The Cleaning Authority, Inc., American Arbitration Association, Case No. 16 114 00768 05, commenced January 18, 2006 (Maryland). The plaintiffs, former franchisees of ours, brought this action in arbitration alleging violations of the Maryland and New York franchise statutes, common law fraud, negligent misrepresentation, violation of duty of good faith and fair dealing, and breach of the franchise agreement. The plaintiffs sought damages in the approximate amount of \$455,000. TCA, Inc. adamantly denied the allegations and asserted counterclaims against the plaintiffs. In an effort to end the litigation and without admitting any wrongdoing, TCA, Inc. reached a confidential settlement with the plaintiffs in March 2007, whereby TCA, Inc. agreed to pay them \$70,000 in exchange for (i) dismissal of the arbitration action with prejudice, and (ii) the former franchisees' agreement to comply with all post-termination provisions of their franchise agreement with TCA, Inc., including specifically, all post-termination non-compete and indemnification provisions.

Securities and Exchange Commission v. Andrew W. Sachs, Civil Action No. 02CV 1810 (S.D.N.Y.) (filed March 7, 2002). On March 7, 2002, the Securities and Exchange Commission filed a settled civil injunctive action in the United States District Court for the Southern District of New York, alleging that Andrew W. Sachs ("Sachs"), formerly an analyst with Morgan Stanley & Company ("Morgan Stanley"),

~~engaged in insider trading. Without admitting or denying the allegations in the Commission's Complaint, Sachs consented to pay a total of \$46,008.96, representing disgorgement of \$19,197, prejudgment interest in the amount of \$7,614.96, and a civil penalty of \$19,197. Additionally, Sachs consented to the entry of a permanent injunction prohibiting him from further violations of the insider trading prohibitions outlined in Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5.~~

Other than the above ~~two actions~~ one action, no litigation is required to be disclosed in this Item

#### **ITEM 4** **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

#### **ITEM 5** **INITIAL FEES**

##### **Initial Franchise Fee**

The Initial Franchise Fee is variable depending on the number of Designated Households in your Territory and is payable in full upon signing the Franchise Agreement. We base this Fee upon the number of Designated Households in the Territory at a rate of \$0.80 for each Designated Household, with an expected 30,000 to 55,000 Designated Households per Territory. ~~Accordingly, the~~ The initial fee is ~~usually~~ between \$24,000 and \$44,000. During our last fiscal year, franchisees paid us Initial Franchise Fees ranging from \$21,444.80 to \$48,288.80.

In some cases, we allow you to have a larger number of Designated Households in your Territory, for example, if you request that your Territory include a larger geographic area. Accordingly, if your Territory includes more than 55,000 Designated Households, your fee will be based on the number of Designated Households in your Territory and your fee could be in excess of \$44,000. Specifically, the cost for your Territory will be \$0.80 per Designated Household in your Territory at the time you sign the Franchise Agreement, and if you request (and we agree) that your Territory include a larger geographic area, you may pay a higher initial franchise fee. We determine the number of Designated Households in your Territory with reference to information provided by third-party data compilation and demographic service providers at the time you sign the Franchise Agreement, although the number of Designated Households may fluctuate over time. The number of Designated Households for each franchise will be defined and the Initial Franchise Fee determined before you sign the Franchise Agreement. Except as noted below, the Initial Fee is not refundable.

##### **Mailer Set-Up Fee**

You also must purchase required mailing services under the Mailer Program from us and pay to us ~~a \$2,000, two calendar days after signing the Franchise Agreement, a~~ mailer set-up fee (the "Set-Up Fee") when you sign the Franchise Agreement". The Set-Up fee is \$2,000. We use the Set-Up Fee to defer the cost of ordering mailing lists and setting up your brochure program. The Set-Up Fee is only refundable if we terminate the Franchise Agreement before you complete training.

##### **Business Administration Set-Up Fee**

In addition to the Initial Franchise Fee and the Mailer Set-Up Fee, you must pay to us a Business Administration Set-Up Fee ("BASf") in the amount of \$10,000 upon signing the Franchise Agreement. In consideration of the BASf, we will provide you with a variety of materials, information and insight on

establishing your Business, including among other things (1) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (2) Operations Representative support prior to training, and (3) a copy of the Pre-Work Manual. We also will reimburse ourselves for certain costs to provide you with the Initial Training Program as described in Item 11 below.

### **Incentives and Fee Reductions**

From time to time, we may offer special incentive programs in conjunction with our franchise development activities. These incentives may be offered to existing franchisees. We reserve the right to offer, modify, withdraw or reinstate any incentive plan in the future without notice to you. As of the effective date of this Disclosure Document, the only incentive plan is one where we pay \$10,000 to an existing franchisee who directly refers a person to us who becomes a new THE CLEANING AUTHORITY franchisee in a new location within 6 months of the date of referral. A franchisee is not entitled to a referral fee if we also pay a broker or referral fee to a third party.

We participate in the Veterans Transition Franchise Initiative (commonly referred to as "VetFran"), which seeks to provide an opportunity for veterans who want to be in business. If you are a qualified veteran, currently defined as any former member of the United States Armed Forces who can provide a DD214 which indicates an Honorable Discharge, we will reduce the Initial Franchise Fee by 50%.

### **Refundability and Uniformity of Fees**

We have the right to terminate the Franchise Agreement if you fail to (1) complete the Initial Training to our satisfaction (as determined by us in our sole business judgment) within 120 days after the effective date of the Franchise Agreement, or (2) open the Business within 120 days after the effective date of the Franchise Agreement. If we terminate the Franchise Agreement because you failed to complete the Initial Training Program to our satisfaction, we will retain the entire ~~\$10,000-BASF~~. Under this scenario, we will return the ~~\$2,000 Mailer Set-Up Fee~~ and the Initial Franchise Fee paid by you, less any direct or indirect expenses we incur to recruit you as a franchisee in the first instance, including amounts we pay to a broker. (The amount of our direct and indirect expenses to recruit you as a franchisee typically ranges from 50% to 75% of the Initial Franchise Fee amount paid by you, although the precise amount varies depending on each situation.)

If your Franchise Agreement is terminated because you failed to timely open the Business, we will retain the entire ~~\$10,000-BASF~~ and the ~~\$2,000-Mailer Set-Up Fee~~. In this event, we will return the Initial Franchise Fee paid by you, less our direct and indirect expenses to recruit you as a franchisee in the first instance (as further described in the above paragraph).

Except as we have described in this Disclosure Document, these initial fees were uniform during our last fiscal year.

**ITEM 6  
OTHER FEES**

<b>Type of Fee</b> <sup>1/ &amp; 2/</sup>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	6% of first \$500,000 Gross Revenues; 5% of Gross Revenues from \$500,001 to \$1,000,000; 4% of Gross Revenues above \$1,000,001. If you are not in compliance with your agreements, the royalty remains at 6%. See Note 3.	Wednesday of each week, in arrears	Gross Revenues include all revenues on an annual basis (excluding sales or use tax) and are cumulative. See Note 4 for additional information.
National Advertising Fee	1% of weekly Gross Revenues or \$200, whichever is less	Wednesday of each week, in arrears	We reserve the right to increase the percentage contribution and/or \$200 cap related to the National Advertising Fee. See Note 5 and Item 11 for additional information.
Mailer Fee <sup>6/</sup>	\$0.34 per mailer	Wednesday of each week, in arrears	You must purchase a specified minimum number of mailers for a percentage of Designated Households in your Territory each week, provided that we will permit you to suspend mailings during any three weeks (defined as Sunday through Saturday) per calendar year. Initially, the minimum will be 9% of Designated Households in your Territory. See Note 6 and Item 11 for more information.
Software Access Fee	Currently \$25 per week	Wednesday of each week, in arrears	We reserve the right to change this fee, but will not increase this fee by more than 10% in any 12 month period.

Type of Fee <sup>1/ &amp; 2/</sup>	Amount	Due Date	Remarks
Call Center Fee	Currently, \$1.25 per call	Wednesday of each week, in arrears	<u>All telephone calls to the Franchised Business must be answered by "live" voices during normal business hours. You may not have your phones answered by answering machines, voicemail, or transferred to cellular telephones or other similar devices. We have established a Call Center for you to use for incoming calls, which you may use to satisfy the "live" voice requirement. We will charge you a fee for the Call Center service and you agree to pay the then-current fees that we may charge for this service. We reserve the right to change this fee as well as increase the right Call Center Fee and to charge a minimum fee for this service. We reserve the right to terminate your access to the Call Center, and we also reserve the right to cancel the Call Center program.</u>
Transfer	\$5,000	Prior to transfer.	Payable to us on or before the date that you transfer or assign your franchise. See Note 7 for additional information.
Audit	We may audit your books	30 days after billing	See Note 8 for additional information.
Additional Training Fee	Varies, we currently charge \$50 per hour	30 days after invoice	We may charge you for operating assistance made necessary by your failure to comply with the Franchise Agreement or operating assistance you request that is greater than the assistance we normally provide.
Manual Suite	\$1,000	30 days after invoice	If you fail to return your Manual Suite, you must pay a fee of \$1,000 in addition to any other remedy we may have.
Employee Background Checks	\$1,000 per day	Immediately after notice form us	If you fail to conduct required background checks before you hire an employee, you must pay a fee of \$1,000 per day.
Indemnification	Our actual defense costs	30 days after we bill you	You must defend and indemnify us from all damages and claims relating to the operation of your business. (See Section 23.6 of the Franchise Agreement.)
Late Charges/ Insufficient Funds Fee	1½% per month on unpaid balances. If there are insufficient funds to cover a check or other transfer, we reserve the right to charge you a \$25 fee.	Immediately after notice from us	This fee is only due when fees owed to us are not paid on time. We also reserve the right to charge you the insufficient funds fee if there are insufficient funds in your account to cover our fees. See Note 9 for additional information.

Type of Fee <sup>1/ &amp; 2/</sup>	Amount	Due Date	Remarks
Convention Fee	\$1,500	Immediately after the Annual Convention	This fee is only due if you do not attend our Annual Convention.
Early Termination Damages	Your average weekly royalty fee and National Advertising Fee for the prior 52 week period multiplied by the lesser of 104 or the number of weeks remaining on the term of the Franchise Agreement	Immediately after notice from us	You will be required to pay the early termination damages if we terminate the Franchise Agreement based on your material breach or you otherwise cease to operate your Business without our prior written approval.

**NOTES**

- (1) Except as noted, all fees are paid to us, uniformly imposed and are non-refundable.
- (2) We require that all payments you owe us be made by Electronic Funds Transfer (“EFT”).
- (3) You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee, the Mailer Fee, and other fees that are referenced in your agreements with us, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required. This does not apply to any federal or Maryland income tax we have to pay or to cleaner tips. If you are in default under your Agreement, your royalty remains at 6%, regardless of the amount of your Gross Revenues.
- (4) Royalties, Mailer Fees, Software Access Fees, Call Center Fees, and National Advertising Fees, if applicable, as well as any fees or payments owed to our affiliates, are payable on Wednesday of each week in arrears. Interest at the highest legal rate up to 1½% per month accrues from the day after payments are due. Payment is made by EFT.
- (5) We may increase this fee above 1% and/or the \$200 cap if 50% or more of our franchisees consent to the increase.
- (6) We have the right to change prices on mailers at any time upon 30 days advance written notice. You will pay the then-current price in effect for the mailers. The current price charged is \$0.34 per mailer. Mailers must be sent to between 9% and 13% of the Designated Households in your Territory each week, depending on the number of customers in your Territory. Initially, the minimum will be 9% of Designated Households in your Territory. The number of Designated Households in a Territory may fluctuate over time. We may reduce the required mailer percentage for a quarter (3 consecutive months) depending on customer count and Mark of Excellence (“MOE”) achievement during the preceding quarter. For added clarity, a “calendar quarter” is defined with reference to the following month groupings: January to March, April to June, July to September, and October to December. We produce the mailers and deliver them to the U.S. Postal Service on your behalf on a weekly basis and you are required to pay us for this

service, in arrears, on Wednesday of each week. Postage is included in the Mailer Fee. You may take a "Mailer Holiday" during any three weeks (defined as Sunday through Saturday) of each calendar year. Based on our experience, we recommend that you choose to take your Mailer Holidays during the following weeks: (A) Thanksgiving week, and (B) the two weeks surrounding the Christmas and New Year holidays. You must provide written notice to us before you take a Mailer Holiday.

If you default on the payment of your mailer obligations 3 times in any consecutive 12-month period (whether or not you cure the prior failures to pay), we may terminate the Franchise Agreement immediately upon notice to you. In lieu of termination, we may allow you to sign an amendment with us where you agree to pay any past due amounts to us over time and pre-pay the cost of your mailer obligations 2 weeks in advance. Any such amendment will include a general release of all claims in favor of us (subject to applicable state law).

- (7) We will collect a \$5,000 transfer fee if you transfer or assign your interest in the Franchise Agreement or the Business. In addition, prior to the transfer or assignment and to cover the cost of any commissions that we are required to pay to third parties (i.e., a third party acts as a broker, agent or consultant in connection with the sale), you must pay to us the greater of (a) \$15,000, or (b) 10% of the total purchase price (up to \$30,000). Prior to the effective date of transfer, the transferee also must commit to three days of on-site training at an existing franchised business that we designate (the "On Site Training Facility"). All costs incurred in connection with the transferee's training attendance at the On Site Training Facility shall be at the transferee's sole expense.
- (8) We may audit your sales reports, bank statements, financial statements and tax returns. If the Royalty Fee or other Fees are underpaid by more than 2%, you pay us 3 times the amount due, plus our costs and 1½% interest per month on the underpayment. If less than 2% underpaid, you pay us the amount due, plus 1½% interest per month on the underpayment. The cost of the audit will vary depending on the quality of your records and the amount of time required to review these records.
- (9) Interest begins from the date of the underpayment.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (1)	\$24,000 to \$44,000	Lump Sum	On signing Franchise Agreement	Us
Business Administration Set-Up Fee ("BASF") (2)	\$10,000	Lump Sum	On signing Franchise Agreement	Us
Mailer Set-Up Fee (3)	\$2,000	Lump Sum	Two calendar days after signing the Franchise Agreement	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computer	\$1,000 to \$1,500	As Arranged	As Arranged	Various Third Party Suppliers
Washer, Dryer & Furniture	\$1,500 to \$3,000	As Arranged	As Arranged	Various Third Party Suppliers
Cleaning Equipment and Supplies	\$2,500	As Arranged	As Arranged	Various Third Party Suppliers
Travel and Living Expenses While Training (4)	\$1,500 to \$2,500	As Arranged	As Arranged	Various Third Party Suppliers (i.e. airlines, hotels, restaurants)
Deposits/Insurance	\$5,000 to \$7,000	As Arranged	As Arranged	Various Third Party Suppliers (landlords, insurance companies)
Opening Inventory	\$2,000 to \$2,500	As Arranged	As Arranged	Various Third Party Suppliers
Office Rent for 3 months plus 1 month security deposit (5)	\$3,000 to \$6,000	As Arranged	As Arranged	Landlord
Mailer Fees (first 3 months) (6)	\$11,934 to \$21,879	Weekly	The fee is due weekly in arrears on Wednesdays	Us
Vehicle Lease or Purchase (7)	\$0 - \$2,000	As Arranged	As agreed upon	Third Parties
Additional Funds for 3 months (8)	\$23,000 to \$31,000	As Incurred	As incurred	Various Third Party Suppliers
Total Initial Investment	\$87,434 to \$135,879			

## NOTES

We have used our and TCA Inc.'s combined 17 years of experience, as well as information we have received from our franchisees, to make these estimates. Costs will vary depending upon a number of factors. There is no assurance that your experience will correspond with these cost estimates. Except as noted below, or in other Items of this Disclosure Document, all payments are uniformly imposed and non-refundable. Payments you make to third-party suppliers may or may not be refundable depending on supplier terms. We do not provide financing for any portion of your initial investment.

- (1) **Initial Franchise Fee.** Amount varies as disclosed in Item 5. If your Territory has more than 55,000 Designated Households, your initial franchise fee will be greater than \$44,000 ~~(See Item 5 for more information).~~ The Initial Franchise Fee is refundable, less any expenses we incur (direct or indirect), if we terminate the Franchise Agreement as a result of your failure to: (a) complete the Initial Training Program to our satisfaction (as determined by us in our sole business judgment) within 120 days after the effective date of the Franchise Agreement, or (b) open the Business within 120 days after the effective date of the Franchise Agreement.
- (2) **BASF.** The BASF is a one-time payment, due upon signing the Franchise Agreement. This fee is non-refundable. ~~As noted in Item 5, in~~ In consideration of the BASF, we will provide you with a variety of materials, information and insight on establishing your Business, including providing you with, among other things (a) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (b) Operations Representatives



support prior to training, and (c) the Pre-Work Manual. We also will use a portion of the BASF to reimburse ourselves for costs associated with your attendance at the Initial Training Program.

- (3) **Mailer Set-Up Fee.** The Mailer Set-Up Fee is refunded to you only if we terminate the Franchise Agreement before you complete the initial training. The Mailer Set-Up Fee is not refundable under any other circumstances.
- (4) **Travel and Living Expenses While Training.** These expenses include travel and living expense costs associated with the Initial Training Program (applicable to all franchisees) and the 3-day On-Site Training (applicable to franchisees that purchase an existing THE CLEANING AUTHORITY business). These fees may or may not be refundable depending upon supplier terms. See Item 11.
- (5) **Office Rent.** You will need a small office of approximately 800 to 1,200 square feet, which will serve as your employees' "home base" and storage area for cleaning equipment and supplies, as well as other materials and equipment necessary for the operation of the Business. Only the geographic location of the office needs to be approved by us. Your office cannot be located in a residence. We will not unreasonably withhold our approval, and we will give our approval promptly. Office rentals will vary. You should consult a local real estate expert. Your office must be located within your Territory. These fees may or may not be refundable depending upon supplier terms.
- (6) **Mailer Fees.** Mailer Fees are due on the Wednesday for the following week for the balance of the term of the Franchise Agreement, except during any authorized Mailer Holiday that you select for your business. The payments must be made by EFT or by such other method as we may designate. We have assumed you will purchase mailers for 9% of the Designated Households in your Territory for the first 13 weeks and that you have between 30,000 and 55,000 Designated Households in your Territory. The Mailer Fees are non-refundable.
- (7) **Vehicle Lease or Purchase.** This estimate reflects the costs for purchasing or leasing a vehicle for a period of three months including, monthly vehicle lease or loan payments, sales tax and title fees. The low range (\$0) assumes that you use your own vehicle for your Business. These fees are non-refundable.
- (8) **Additional Funds For Three Months.** This estimates your initial start-up expenses as an owner-operator for the first three months. It includes such costs as incorporation, monthly on-line access fees to the Internet, and wages (excluding any salary to you) and advertising expenses for the first three months. It does not include any royalty fees you are required to pay. These figures are estimates and we can't guarantee that your expenses won't be higher. Your costs will vary depending upon factors such as how well you follow our procedures; your management and sales skills; competition; economic conditions; the local wage market for your employees; the local market for our services; and other factors.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved products, services, fixtures, furniture, equipment, supplies and other items or services necessary to operate the Business ("Approved Supplies List"). The Approved Supplies List may specify the specific manufacturer of a specific product, service or piece of equipment. As further noted below,

we, an affiliate or a third party vendor or supplier may be the only approved supplier for certain products or services.

As of the date of this Disclosure Document, we are the only approved supplier of the Mailer Program. You will pay the then-current price in effect for the Mailer Program and other approved products and supplies that you purchase from us or any affiliate. As of the date of this Disclosure Document, you must pay to us a one-time ~~only~~ Mailer Set-Up Fee equal to in the amount of \$2,000 and an ongoing Mailer Fee equal to \$0.34 for each mailer you are required to purchase from us on a weekly basis. The Mailer Set-Up Fee is used to defer our cost of setting up a franchisee's Mailer Program. Our ongoing cost for the mailers is the cost of postage, production costs, the costs of obtaining a mailing list for your territory, the cost of delivering the mailers to the United States Postal Service, the cost of obtaining and maintaining the equipment and facilities used for mailing the mailers, administrative functions, commissions/payments due, salary expenses, other related costs and expenses, and profit. We believe the Mailer Set-Up Fee and the amounts currently charged per mailer (\$0.34) are approximately equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited period of time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, are able to provide. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

We also are the only approved supplier for certain pre-opening business administration and set-up assistance. As noted in Item 5, you must pay us a BASF in the amount of \$10,000 when you sign your Franchise Agreement. In consideration of the BASF, we will provide you with certain services and materials as described in Items 5 and 11. As with the Mailer Set-Up Fee and ongoing Mailer Fee, we believe the amount charged for services provided in exchange for the BASF is equal to or lower than the prevailing market price you would obtain if a third-party source was licensed by TCA to distribute our proprietary materials/information (such as the Manual Suite) and provide you with operational support pursuant to our standards and specifications, or if you paid a third-party to provide you with ongoing employment law advice during the term of your Franchise Agreement.

The approved lists also may include other specific products or services without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products or services. For example, as further described in Item 11, we give you, at the time of your Initial Training, detailed specifications for your computer and the minimum hardware and software requirements needed to open a Business. As noted below, we, an affiliate or a third-party may be an approved supplier. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable, including by making them available in the Manual Suite.

You must use in connection with your business operations housecleaning products, devices and practices certified by the EPA, Green Seal, or another organization we specify. We will provide you with a list of such cleaning products in the Manual Suite or otherwise in writing. You must use our "green" logo in connection with your business operations.

Except for single source suppliers as we designate (e.g. the Mailer Program), you must notify us in writing if you want to offer for sale from the Business any brand of product, service or supply, or to use in the operation of the Business any other material, item or supply that is not then approved by us, or to purchase any product or service from a supplier that is not then designated as an approved supplier. Before giving our approval, we may ask the supplier to provide samples of materials that meet our specifications. We do not currently impose any fee either to you or the supplier for conducting this investigation. We will usually be able to tell you within 30 days whether or not the supplier is approved,

but the time period will depend upon the cooperation we receive from the supplier in responding to our questions.

No officer of the franchisor owns an interest in any approved supplier.

Since most of the items you will purchase to begin operating your Business must meet our specifications, you can expect that the items purchased in accordance with our specifications will represent 50% to 70% of your total expenditures you will make to begin operations. Once you begin operating, the primary items you will purchase that must meet our specifications are cleaning products and mailing services. We would expect these items to represent 10-30% of your total expenses.

Under the Franchise Agreement, you are required to use a Call Center or similar type of answering service so that any customer that calls will reach a "live" voice, rather than an answering machine during normal business hours (usually from 8:00 a.m. to 5:00 p.m.). We do not allow you to use an answering machine or have your phones forwarded to a mobile phone or other similar device during business hours. We are an approved supplier for this service, however, you may contract with another "live voice" service to answer calls during business hours. During our last fiscal year, we received \$525,649 in revenue for the Call Center service, or 1.7% of our total revenues of \$31,441,848 during the same period of time as noted in our audited financial statements attached as Exhibit E. In addition, the costs to operate this service during the last fiscal year were the cost of obtaining and maintaining the equipment and facilities used for the Call Center, training costs, administrative functions, other related costs and expenses, and salary expenses. Importantly, it costs us more to provide the Call Center service to our franchisees than the revenue we generate from this service. We believe the cost of providing the Call Center service is less than the prevailing market rate that you would pay if you tried to obtain a similar service providing comparable quality on an individual basis. In addition and as noted above, franchisees are required to pay the BASF to us in exchange for certain business administration and support services. During our last fiscal year, we received \$60,000 from franchisee payments of the BASF, or 0.2% of our total revenues of \$31,441,848 during the same period of time as noted in our audited financial statements attached as Exhibit E.

Although you are not required to purchase cleaning supplies from us, we are one of several approved suppliers of cleaning products and supplies, including vacuum cleaners. During our last fiscal year, we received \$20,731,425. from our franchisees and our Affiliate-Operated Business for purchases related to the Mailer Program (including the Mailer Set-Up Fee), cleaning products, and cleaning supplies, or 65.9% of our total revenues of \$31,441,848 during this same period of time as noted in our audited financial statements attached as Exhibit E. Therefore, the total revenue that we derived from franchisee purchases in our last fiscal year was \$21,317,074 or 67.8% of our total revenues of \$31,441,848. Except as noted above, neither we nor our affiliates are approved suppliers for any goods or services to our franchisees.

We have negotiated special pricing rates or discounts with some suppliers for the System, which are available to you; however, we may discontinue this practice in the future. We do not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers. Several of our approved suppliers sponsor our annual franchisee convention. During our last fiscal year, these approved suppliers paid a total of \$45,103.35 to us for convention sponsorships. The approved suppliers that sponsored our 2013 convention (and the dollar amount of each sponsorship) are as follows: Ecolab (\$25,498.36), Moody & Associates (\$5,000), Paychex (\$5,000), SecureNet (\$3,500), Creative Products International (\$3,000), Tacony (\$3,000), and AmerAssist (\$104.99). Except for these sponsorships, we do not currently receive rebates from any of our approved suppliers. We have not arranged any purchasing or distribution cooperatives among our franchisees, although we reserve the right to do so.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement ("FA"), Mailer Services Agreement ("MSA") or Other Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Section 4	Items 7, 11 and 12
b. Pre-opening purchases/leases	FA: Sections 7.1 & 11 MSA: Section 1	Items 6, 7 and 8
c. Site development & other pre-opening requirements	FA: Sections 3.1, 3.2, 4, 10 & 11 Section 2 of Renewal Addendum	Items 7 and 11
d. Initial and ongoing training	FA: Sections 5 & 10 Section 3 of Renewal Addendum	Item 5 and 7
e. Opening	FA: Section 5 & 11.1	Items 7 and 11
f. Fees	FA: Sections 5, 6, 7, 9, 10, 11, 14, 18, 19, 20 & 23 MSA: Sections 1,3 & 5 Section 5 of Renewal Addendum	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operations Manual Suite	FA: Sections 8, 10 & 11	Items 8 and 11
h. Trademarks and proprietary information	FA: Sections 16 & 21	Items 13 and 14
i. Restrictions on Products/services offered	FA: Section 11	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 11	Items 11, 16
k. Territorial development	FA: Section 3.2	Item 12
l. Ongoing product/ services purchases	FA: Sections 7, 8, 9 & 11 MSA: Section 3	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Sections 4 & 11	Item 11
n. Insurance	FA: Section 15	Items 7 and 8
o. Advertising	FA: Sections 7, 8, 11 & 17 MSA: Section 3	Items 6, 8 and 11
p. Indemnification	FA: Section 22.6	Item 6
q. Franchisee's participation/ management/staffing	FA: Sections 10 & 11	Items 11 and 15
r. Records/reports	FA: Sections 11, 13 & 14	Items 6 and 8
s. Inspections/audits	FA: Sections 13 & 14	Item 6
t. Transfer	FA: Sections 18 & 19 MSA: Section 9	Item 17
u. Renewal	FA: Section 2.3 Renewal Addendum	Item 17
v. Post-termination obligations	FA: Sections 17.5 & 21	Item 17
w. Non-competition covenants	FA: Section 21	Item 17

<b>Obligation</b>	<b>Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”) or Other Agreements</b>	<b>Disclosure Document Item</b>
x. Dispute resolution	FA: Sections 22 & 23 MSA: Section 10	Item 17
y. Personal Guaranty	FA: Exhibit A MSA: Page 3	Item 15

**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing of your initial franchise fee.

We may assist you in negotiating with financial institutions to obtain financing as part of your initial investment, but we cannot guarantee financing will be made available to you either by us or by any particular financial institution. We do not receive any direct or indirect payment for placing financing. We also will not guarantee any financing you might obtain.

We are listed on the SBA’s Franchise Registry Program. Under this program, your lender will be able to use an expedited and streamlined SBA loan processing through the SBA’s Franchise Registry Program, [www.franchiseregistry.com](http://www.franchiseregistry.com).

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS  
AND TRAINING**

**Except as listed below, The Cleaning Authority, LLC is not required to provide you with any assistance.**

Pre-Opening Obligations. Before you open your Business we will:

(1) Designate your Territory in which your office must be located as further described in this Item 11 (Section 3 of Franchise Agreement).

(2) Give you written specifications for the products and services which you will require and for which we require specifications, including approved suppliers and advice with respect to the specifications (Section 12 of Franchise Agreement).

(3) Loan you a copy of the Manual Suite (the “Manual Suite”) (Section 11.6 of Franchise Agreement). The Table of Contents of our manuals as of the issuance date of this Disclosure Document is attached to this Disclosure Document as Exhibit F. The Manual Suite currently totals 758 pages. We reserve the right to modify our Manual Suite.

(4) Produce mailers for a percentage of Designated Households in the Territory (as such Designated Households are identified by a data compilation and demographic information service provider we or our affiliate identify), and deliver such mailers to the United States Postal Service on a weekly basis, for the Fee stipulated in Item 6 (Section 7.1 of Franchise Agreement and Mailer Services Agreement – Attachment III to Franchise Agreement). You must use our Mailer Program and the related services we provide.

(5) Train you in the operation of the Business (Section 10 of Franchise Agreement). You must attend and satisfactorily complete (in our sole determination) the Initial Training Program, which is described below.

(6) Provide you with a variety of insight on establishing your Business (in addition to the Initial Training Program, described in Item 11), including among other things (a) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (b) Operations Representative support prior to training, and (c) a copy of the Pre-Work Manual. (Section 5 of the Franchise Agreement)

Post-Opening Obligations. During the operation of the Business, we will:

(1) Provide (a) Mailer Program services (Section 7.1 of Franchise Agreement and Mailer Services Agreement); (b) reasonable operating assistance (Section 12.1 of Franchise Agreement); (c) additions to the System as made available to other franchisees (Section 21.1 of Franchise Agreement); (d) modifications to the Manual Suite (Section 11.6 of Franchise Agreement); and (e) forms you use to report information we require (Section 12.3 of Franchise Agreement).

(2) Make available to you no more than once a year, a refresher-training program, at our headquarters or in the field convention once a year at our expense. This may be held in conjunction with our Annual Convention. You must pay your travel and living expenses. (Section 10 of Franchise Agreement)

(3) We also make available to you a Call Center where your telephone calls can be transferred to a live person. We reserve the right to terminate your involvement in this program if you are in default under your Franchise Agreement or you are abusive to our Call Center representatives, and we also reserve the right to cancel the Call Center program. (Section 9.3 of Franchise Agreement)

(4) Provide you with monthly access to The Cleaning Authority Employment Law Hotline. (Section 5 of the Franchise Agreement)

Advertising Programs.

National Advertising Fund.

Currently, the National Advertising Fee equals 1% of weekly gross revenues or \$200, whichever is less; however, if the owners of 50% or more of our franchises elect to increase the advertisement fee, we may increase this fee above 1% and/or increase or decrease the \$200 cap. The Cleaning Authority Businesses operated by us and our affiliates will contribute to the National Advertising Fund on the same basis as franchised outlets. Details regarding the establishment, operation, and reporting of the National Advertising Fund are contained in the Manual Suite. We do not guarantee any specific amount of the National Advertising Fund will be spent in your Territory, and we are not obligated to expend any sums on advertising in your Territory. Our advertising program may utilize television, radio, print and Internet materials. We will not make any expenditure from the National Advertising Fund primarily to help us sell franchises, but we may use contributions to the Fund to develop, administer and maintain our website and to attend national trade shows to promote our name and system.

We have the right to make disbursements from the National Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the National Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. We will typically advertise in a designated market area

or on a national basis, whichever we deem more appropriate. The National Advertising Fees are not held in a trust or escrow account. You have no property rights of any kind with respect to the National Advertising Fees, and we do not have any fiduciary obligations to you or other franchisees regarding the National Advertising Fees. We will provide you with annual reports of the income and expenses incurred by the fund upon your reasonable request. For the fiscal year ended December 31, 2013, National Advertising Fund expenditures were as follows: 69.1% production (for search engine marketing), 8.8% administrative (including outside consultant fees), 6.7% other (design/artwork and press releases), and 15.4% of the National Advertising Fund balance carried over to 2014. If all of the National Advertising Fees are not spent in the fiscal year in which they accrue, the remaining accounts are retained in the National Advertising Fund for use in the following years.

#### Weekly Mailers.

As noted in Item 8, you must purchase all Mailer Program services from us. In return, we will produce mailers on your behalf for a percentage of Designated Households in your Territory (as such Designated Households are identified by a third-party data compilation and demographic information service provider we or our affiliate identify) and deliver them to the United States Postal Service on a weekly basis. The number of Designated Households in a Territory may fluctuate over time. You must pay us the weekly Mailer Fee (currently, \$0.34 per mailer) for this Mailer Program service. You may contract with us to produce more mailers than the minimum number specified in the Franchise Agreement. We do not guarantee or warrant that the actual number of mailers produced by us on your behalf will be delivered by the postal carrier to Designated Households in your Territory. You may temporarily suspend your weekly mailer obligations during any three weeks (defined as Sunday through Saturday) per calendar year, although we recommend that you suspend your mailer obligations during the week of Thanksgiving and the two weeks surrounding the Christmas and New Year holidays.

The number of mailers you pay for on a weekly basis is based on the number of active customers you have in your Territory. The number of mailers varies from between 9% of the number of Designated Households in your Territory to 13% of the Designated Households in your Territory. You may also send more mailers than required under the Franchise Agreement.

If you have at least 300 customers and achieve a Mark of Excellence (“MOE”), which is presently defined as less than 0.75% weekly termination rate for an calendar entire quarter (3 consecutive months), we will reduce your mailer rate for the following quarter from 13% of Designated Households to 12% of Designated Households in your Territory.

#### Other Advertising.

With the exception of weekly mailers under the Mailer Program, which must be purchased from us, you may use your own advertising if it complies with our standards, and if we have approved of the advertising in advance. If you fail to obtain our prior approval for your own advertising, you will be in default under the Franchise Agreement. As noted above, we will tell you within 15 days after you submit advertising to us whether or not we have approved the advertising. We will provide standards and specifications for format, use of marks, approval, procedures, and other matters relating to advertising, in the Manual Suite. For example, currently, we expect that we will approve the following advertising and marketing media: the yellow pages, door hangers, cable television, billboards, newspapers, automobile logos, and supporting local youth athletic teams. We may modify our list of approved media at any time by written notice to you. Absent our prior written approval, you may not advertise, promote or reference the Marks or the Business on the Internet or any current or future form of electronic commerce, including, without limitation, all current and future forms of social media networks and platforms (e.g., Facebook, Twitter, LinkedIn, MySpace, etc.).

### Advertising Cooperatives.

We have the sole right to form, change, dissolve or merge Advertising Cooperatives and to determine which of our franchisees must join Advertising Cooperatives. You must participate in any Advertising Cooperative we designate. If we form an Advertising Cooperative, we have the right to legally incorporate such an entity. We also have the right to draft bylaws and other corporate documents for the Advertising Cooperative and we reserve the right to change, dissolve, or merge the Cooperative. The Franchise Agreement does not provide and we currently do not have a plan for determining: (1) how the area or membership of the cooperative is defined; (2) who is responsible for the administration of the cooperative; (3) whether cooperatives must prepare annual or periodic financial statements; or (4) whether the cooperative must operate from written governing documents. As of the date of this Disclosure Document, we have formed no Advertising Cooperatives.

### Site Selection.

You must locate your office within the Territory assigned to you. Your office may not be located in a home. You must select the site for your office, but we must consent to the proposed location prior to your lease or acquisition of the site. When consenting to a proposed location for your office, we will consider whether the proposed location is located within your Territory and the size of the proposed location. On average, office sites will have approximately 800-1,200 square feet. There are no time restrictions on the amount of time we have to consent to the proposed location. We will consent to your office location. If a location for your office cannot be agreed upon, there are no other consequences except the Business cannot be operational. We do not provide you with any assistance in locating a site for your office.

### Franchisee Advisory Council.

We have an Advisory Council currently made up of 6 franchisees, who are elected by the franchisee body at large. The Advisory Council meets via phone call or in person at least twice per year to discuss our growth plans and discuss other matters of common interest, including any advertising or marketing strategies. We will consider the Advisory Council's recommendation, but we have the sole right to accept or reject its recommendations. At least one member from our corporate office serves as a liaison to these meetings. We have the right to change, modify or dissolve the Advisory Council.

### Computer and Software.

The minimum hardware and software requirements for opening a Business, as described more fully by us in writing, include a Microsoft compatible computer, HP Deskjet Printer and Microsoft Office Software. You will incur approximately \$1,000 to \$1,500 to purchase the required hardware and software components. You must install and maintain virus protection and a personal firewall. You will be responsible for making upgrades, maintenance and repairs from time to time at your sole expense. Currently, we estimate that the annual cost of any optional or required maintenance updating, upgrading or support expenses will cost approximately \$500. There are no contractual limitations on the cost and frequency of this obligation.

We give you, at the time of the Initial Training Program, detailed specifications for the computer. You must access from your computer and use daily in the operation of the Business TCA.net, our proprietary business management software, which collects detailed information about customers of the Business (including names, cleaning price, cleaning instructions, and other pertinent information for potential and actual customers of the Business), data related to employees of the Business, and financial information and tools. We will have access to and may use for our purposes, any of the information in TCA.net order to monitor your sales and customers. There are no limitations on our right to access your computer system, including TCA.net, and the information you are obligated to report therein. In connection with



your use of TCA.net, you (and each manager of the Business and other key employees we designate) must sign (either manually or electronically, as we direct) the User Agreement attached as Exhibit K to this Disclosure Document. We may require you and any such manager(s) and employee(s) to acknowledge and agree to the terms of the User Agreement periodically during the term of the Franchise Agreement. In addition, you pay us a weekly access fee of \$25 for TCA.net. We reserve the right to increase this fee by up to 10% every 12 months. We have not increased this fee for the past 17 years.

If royalties, advertising, mailer, marketing and/or other fees are not paid by the time due, we have the right to “lock out” your access to TCA.net with no liability to us for the lost service. We will give 24-hour notice prior to such lock out.

Annual Convention.

We have an Annual Convention of franchisees, and you are required to attend. The meetings are generally within the continental United States, and the meetings usually last one and one-half days. If you do not attend the Annual Convention, you will be charged a fee of \$1,500. If you do not attend two consecutive Annual Conventions, you will be in default under your Franchise Agreement, and we reserve the right to set your royalty fee at 6% until you attend the next convention, terminate your Franchise Agreement, as well as any other remedy available to us under the Franchise Agreement, or at law or in equity.

Initial Training Program: Time of Opening.

We conduct the Initial Training Program at our headquarters as often as necessary to meet franchisee needs. The typical length of time between signing the Franchise Agreement and opening the Business is 30 to 45 days. The Initial Training Program usually lasts 10 business days. Your principal owner must attend the Initial Training Program, and complete training to our satisfaction at least one day prior to the opening of the Business. We have the right to terminate the Franchise Agreement if you fail to complete training or fail to open the Business within 120 days of the effective date of the Franchise Agreement.

**TRAINING PROGRAM**

The Initial Training Program consists of the following:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on the Job Training</b>	<b>Location</b>
Introduction to The Cleaning Authority A. What to expect the first week 1. Explanation of the syllabus 2. How to get the most out of what is said 3. Questions are often the key to success 4. The ongoing support from the Franchisor	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Computer Overview B. Learning the basics 1. Main menu 2. Ease of operation 3. How most information is tied together 4. What the computer can do for your management ability	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on the Job Training</b>	<b>Location</b>
Computer Intermediate Tasks C. Basic Computer Functions <ol style="list-style-type: none"> <li>1. Input timesheets and balancing deposits</li> <li>2. Input and schedule new customers</li> <li>3. Employee database management</li> <li>4. Accounts payable, complaints, compliments, inspections</li> </ol>	4	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Computer Software Management Reports & Payroll System D. Management Reports <ol style="list-style-type: none"> <li>1. Cost of Goods Sold %</li> <li>2. Revenues</li> <li>3. Fixed and variable costs</li> <li>4. Advertising data</li> </ol>	3	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
E. Payroll <ol style="list-style-type: none"> <li>1. Where to find the data</li> <li>2. Input the data</li> <li>3. Checking the reports</li> </ol>	3	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Customer Information F. The Morning Rush <ol style="list-style-type: none"> <li>1. Easily the most frustrating time of day</li> <li>2. Job tickets, keys, supplies (eve.), team meetings</li> <li>3. Understanding how to make changes and rearrange teams and houses most efficiently</li> <li>4. Don't get flustered, relax</li> <li>5. Get teams out as early as possible</li> </ol>	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
G. Phone interview training <ol style="list-style-type: none"> <li>1. Using the computer-aided system</li> <li>2. Answering the necessary questions</li> <li>3. How to get in the door (main objective)</li> <li>4. Getting first and last name</li> <li>5. Setting up the appointment</li> <li>6. Removing apprehensions</li> </ol>	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
H. In-home sales training (in office) <ol style="list-style-type: none"> <li>1. Presenting yourself as clean cut and honest</li> <li>2. Know your competition</li> <li>3. Be prepared to spend all day if necessary (appear)</li> <li>4. Be sure to include all important info. Don't oversell.</li> <li>5. Explain process of cleaning and make sure they understand (Be aware of customer amnesia)</li> <li>6. Main Objective "Raising the Value of Our Service"</li> </ol>	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
<b>I. Estimating</b> 1. Phone estimating, be sure looks right 2. In-home estimating 3. Giving a good estimate (too high, too low) 4. Comparison to similar houses (neighbors)	1	2	Corporate Headquarters in Columbia, Maryland and customer homes serviced by affiliate-owned location in Columbia, Maryland
<b>J. Customer handouts</b> 1. Crucial part to the information 2. Gives general and detailed information 3. Gives responsibilities of company and customer 4. All customers do not need all data 5. Explaining the agreement/contract	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
<b>K. Scheduling</b> 1. Allow customer some flexibility 2. Assure customer you'll try to get them the same team 3. Geographical scheduling (putting yourself in a bind) 4. Stay away from promising at the house 5. Computer scheduling (realize area, team, size)	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
<b>L. Damage, breakage and theft</b> 1. Do not commit too early to a customer 2. Be sure cleaners did it 3. Assure customer you will do everything to appease them 4. Ask necessary questions (what, when, how long, anyone else) 5. Involve the Police.	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
<b>M. Dealing with difficult customers</b> 1. Get them calm first 2. What is their main reason for calling or being upset 3. Scheduling harassment 4. Not happy with clean or team 5. Problem rectification <ul style="list-style-type: none"> <li>a. Redo the clean</li> <li>b. Cash back</li> <li>c. Inspection</li> <li>d. Free clean</li> <li>e. Termination</li> <li>f. Fix problem</li> <li>g. Reschedule credit</li> </ul>	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on the Job Training</b>	<b>Location</b>
N. Employee Information 1. Employee hiring 2. Applications 3. What to look for 4. What to watch out for 5. Non-compete agreements 6. Equal employment opportunity 7. Fingerprinting and background checks	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
O. Understanding employee policies 1. Work rules 2. Work responsibilities 3. Benefits and pay 4. Bonuses program 5. Disciplinary action 6. Safety precautions and training	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
P. Dealing with employee problems 1. Absenteeism 2. Dishonesty/cheating 3. Attitude problems 4. Poor quality 5. Workers compensation 6. Unemployment	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Q. Employee Training 1. Videos 2. On-the-job training 3. Paperwork & time sheets 4. Inspections & in-home tests 5. Right to Know Law 6. Structured training program guide	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Cleaning Products and Supplies R. Proven cleaning products 1. What products are used on what 2. Products with multiple uses 3. Products never to be used	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
S. Chemical training 1. Environmental Nature of Chemicals 2. Green Seal standards 3. Proper storage and ventilation 4. Dilution techniques and stretching supplies	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
T. Product labeling and registration 1. Registration of MSDS sheets 2. Proper labeling and identification 3. Record keeping of chemicals used	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
U. Product refilling efficiency 1. Proper set up of products 2. Evening refilling 3. Cubby and tote checks	.5	.5	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
V. In-Home Inspection 1. Observed Quality of Clean 2. Communicate with Cleaning Team 3. Review Inspection Letter for Customer 4. Video Training 5. Employee Etiquette During Inspections	1.5	2	Corporate Headquarters in Columbia, Maryland and customer homes serviced by affiliate-owned location in Columbia, Maryland
W. Proper Cleaning Techniques 1. Observe Certified Cleaners Clean Actual Customers' Homes 2. Learn Proper Cleaning Techniques 3. Practice Techniques	0	28	Corporate Headquarters in Columbia, Maryland, and customer homes serviced by affiliate-owned location in Columbia, Maryland
X. Observe Actual Working Franchise 1. Observe Morning Rush 2. Observe Paperwork Flow 3. Observe Interaction with Employees 4. Observe Customer Management	0	2.5	At affiliate-owned or a franchisee-owned location that we specify
Y. Final Overview	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
<b>Total</b>	<b>37</b>	<b>35</b>	

As of the date of this Disclosure Document, Rob Weddle, along with other employees who have a minimum of 67 years' experience in the subjects identified above, will instruct the Initial Training Program. Mr. Weddle has been our Chief Executive Officer since August 2014. From August 2013 to August 2014, he was our Chief Operating Officer since August 2013. He, Mr. Weddle served as our Vice President of Operations from April February 2010 to July 2013. Mr. Weddle had He has been Vice President of Operations for our affiliate, TCA The Cleaning Authority LLC (a New Brunswick corporation since August 2014 and for The Cleaning Authority Canada; from January 2011 to July 2013. From August 2009 to March 2010, he was the August 2014. Mr. Weddle held various positions with us and our predecessor as Vice President of Operations for our predecessor, TCA, Inc. From April 2005 through July 2009, Mr. Weddle was TCA, Inc.'s from August 2009 to March 2010 and Operations Representative in Newark, Delaware, where he supported TCA offices located on the east coast. Mr. Weddle from April 2005 through July 2009. He also is the Vice President and an owner of Longhorn Enterprises, Inc. d/b/a The Cleaning Authority in Newark, Delaware, a position he has held since September 2002. Since April 2013, he has owned an interest in Dirty Dozen, LLC d/b/a The Cleaning Authority in Harrisburg, Pennsylvania. Except as noted, all of these positions are based in Columbia, Maryland.

We may also bring in outside consultants to assist us in this training. Instructional materials will include the Operations Manual Suite and our proprietary software system.

We do not charge you separately for your principal owner or manager to attend the Initial Training Program. A portion of the BASF is used to cover the costs of your lunches for the in-house training at our headquarters during the second week of training. You must pay the travel and living expenses for your principal owner or manager to attend such training at our headquarters. All franchisees are required to attend and, in our sole determination, satisfactorily complete the Initial Training Program.

In addition to the Initial Training Program, the purchaser of an existing THE CLEANING AUTHORITY Business must attend a 3-day training session at an existing Business that we designate (the "On Site Training Facility"). The 3-day training will cover a variety of topics referenced in the above chart and is intended to immerse the purchaser in the daily operation of a Business. The purchaser must pay all travel and living expenses for the 3-day training at the On Site Training Facility.

## **ITEM 12** **TERRITORY**

As further described below, you will receive an exclusive geographic area ("Territory") identified by zip codes or as otherwise defined in Attachment I to your Franchise Agreement. You must operate the Business from a physical office located within the Territory, and we must consent to the site before you sign a lease or otherwise acquire the location. In determining whether to consent to the proposed site for your Business office, we will consider a variety of factors, including whether the site is located in your Territory and proximity to major roads and highways. If your lease expires or you otherwise desire to move the Business office, you may do so after receiving our prior consent to the proposed new location.

The major criteria we use to define your Territory is the number of Designated Households within the Territory. This at the time you sign the Franchise Agreement. The number of Designated Households in the Territory will be specified in Attachment I to your Franchise Agreement and will contain Territories generally contain between 30,000 and 55,000 Designated Households at the time you sign the Franchise Agreement. We reserve the right to allow for more Designated Households in your Territory. We make a good faith determination of the size and dimensions of the Territory. We determine the number of Designated Households in your Territory, at the time you sign the Franchise Agreement, with reference to information provided by third-party data compilation and demographic service providers. While your Territory is determined with reference to the number of Designated Households at the time you sign the Franchise Agreement, the number of Designated Households in a Territory may fluctuate over time. Before signing your Franchise Agreement, we and you will agree to your specific Territory. We make no representation regarding the viability of your specific Territory, and it is incumbent upon you to independently review the demographics of your Territory. You may provide cleaning services to customers anywhere within the Territory.

If you are in compliance with the Agreement and all other material agreements with us, we will not locate in the Territory another franchisor or affiliate-owned Business which operates a residential home cleaning business using the names and Marks. We and our affiliates have the right to operate residential and commercial property cleaning businesses under the Marks or grant a franchise for the operation of similar businesses (whether using the Marks or otherwise) anywhere outside the Territory. We and our affiliates further have the right to use the Marks, within your Territory, for other businesses, including commercial cleaning and other competitive cleaning businesses; however, so long as you are in full compliance with the Franchise Agreement, neither we nor our affiliates will provide residential cleaning services under the Marks in your Territory. We also reserve the right to own and operate (for ourselves or through an affiliate), or franchise others to own and operate, businesses within the Territory that offer and sell services similar to or competitive with those offered by you under names, service marks or trademarks

other than the Marks, including through physical “brick and mortar” locations, alternative channels of distribution, or leasing products or services under a different mark. We also have the right to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products or merchandise under the Marks from any location or to any purchaser (including, but not limited to sales made at retail locations, supermarkets, mail order and the Internet); and to acquire or be acquired by a competing business that operates and or franchises businesses similar to The Cleaning Authority Businesses and operate businesses under other systems or marks which may provide residential and/or commercial cleaning services which may be located within or outside the Territory, despite their proximity to the Territory.

Your rights to the Territory are not dependent upon you achieving certain sales volumes, market penetration or any other contingency, and may be altered only if you are not in compliance with the Agreement and all other material agreements with us. There may be other franchisees that offer and sell similar services near the Territory. We will not solicit or accept orders from customers located within your Territory for residential home cleaning competitive services using the names and Marks so long as you are in compliance with your agreements with us.

We are not required to pay you if we exercise any of our rights specified above inside your Territory.

Neither we nor our affiliates currently own or operate any business in any Territory that offers and sells services similar to or competitive with those you will offer under names, service marks or trademarks other than THE CLEANING AUTHORITY mark. Similarly, neither we nor our affiliates have any present plan or intent to do so.

Although you may not actively solicit customers outside of your Territory, you may service a customer in a non-franchised geographic or non-Company/affiliate operated area outside the Territory, (1) so long as that customer contacted you as the result of a word-of-mouth referral (or other similar form of inactive solicitation) and (2) only until that customer becomes located in another franchisee’s Territory or in an area where we or our affiliates operate. Your initial servicing of customers in that geographic area does not give you any rights to the customer or to the geographic area. If you are servicing more than ten customers located in a zip code outside of your Territory, we may require you to purchase additional territory which is sufficient to encompass such customers’ homes as we designate. If you do not purchase that additional territory after you receive a notice from us, then you must cease service to customers in that area. In addition, if we provide you notice that we have sold an area outside your Territory which contains customer(s) of yours, you must cease servicing such customer and hand over any information to the new franchisee in the Territory.

You do not have the right to relocate your office without our prior written authorization. For example, we may consent to the relocation of your office if the new location for your office would be more convenient for your employees. You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us and pay the Additional Territory Fee.



Except as noted above, we do not restrict you from soliciting or accepting orders from outside your Territory, but you do not have the right to use other channels of distribution to make sales outside your Territory including through the Internet. By distribution rights, we mean all forms and channels of distribution, regardless of whether we use the method now or adopt it in the future.

### **ITEM 13**

### **TRADEMARKS**

We grant you a non-exclusive license to use, during the term of the Franchise Agreement and within the Territory only, the trademarks and any other current or future service marks or trademarks, which we may

utilize in THE CLEANING AUTHORITY Business and System (the “Marks”). The following marks are registered or filed with the United States Patent and Trademark Office:

Mark	Registration Date	Registration No.
THE CLEANING AUTHORITY (word mark)	April 13, 1999	2,237,954
	December 8, 2008	3,543,201
LIFE'S TOO SHORT TO CLEAN YOUR OWN HOME	June 17, 2008	3,448,682
DETAIL-CLEAN ROTATION SYSTEM	March 20, 2012	4,116,370
	July 10, 2012	4,169,942
<b>MyTCA REWARDS</b>	August 27, 2013	4,391,8704

There are no agreements that limit our right to license the Marks to you under the Franchise Agreement. We have filed or intend to file all required affidavits and renewals for the Marks listed above.

You must follow our rules when you use the Marks. You cannot use a Mark as a part of a corporate name or in connection with an unauthorized product or service. You must consult with us and use only our approved signs at your office.

You must immediately notify us in writing of any apparent infringement or challenge to your use of the Marks and of any claim by any person of any rights in the Marks or in any similar name. We will take action, as we think appropriate. You will assist us in any hearings or suits to protect the Marks.

You must modify or discontinue the use of any or all of the Marks at your expense if we modify or discontinue them.

We are not aware of any uses that would materially affect your use of the Marks; nor are there any presently effective material adverse determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board; or of any court or State Trademark Administrator; or any pending infringement, opposition or cancellation; or pending material litigation involving the principal Marks.

#### **ITEM 14** **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no registered patents or pending patent applications that are material to the franchise. We own a copyright registration with the U.S. Copyright Office for our proprietary software, TCA.Net (Reg. No. TX0007317204; Reg. Date March 15, 2011). We also have a number of registered copyrights for various training videos, none of which, standing alone, is material to the franchise. In addition, we claim common law copyright ownership and protection for our THE CLEANING AUTHORITY Franchise Agreement, the Manual Suite, DVD training materials we lend you, and for various sales promotional and other materials published from time to time.



There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. You may not contest our interests in patents or copyrights.

The contents of the Manual Suite and other confidential information are our trade secrets. You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Manual Suite. Upon termination of the Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual Suite and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take action, and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual Suite at your cost.

All data that you collect from customers and potential customers in connection with the Business during the term of the Franchise Agreement (“Customer Data”) is our proprietary information and property and you must provide the Customer Data to us at any time that we request. You have the right to use Customer Data while the Franchise Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating and marketing the Business. However, if you transfer the Business, as part of the transfer, you must also transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Business. At the expiration or termination of the Franchise Agreement for any reason, you will promptly turn over to us the Customer Data and you will make no further use of that Customer Data (or any related information) for any purpose. Since your business relationship with all such Customers is attributable solely to the Marks and the goodwill associated with the Marks, all such business relationships with all customers will revert to us and become our sole and exclusive property upon termination or expiration of the Franchise Agreement.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL**  
**OPERATION OF THE FRANCHISED BUSINESS**

In the first two years of operating your Business, you must participate directly in the operation and management of the Business. During this time, you may also hire a manager to assist you in operating the Business. After you have operated the Business for at least two years, you are not required to be directly involved in the operation and management of the Business. Any manager you hire to assist you must complete Initial Training successfully, as determined by us, before being permitted to assume managerial duties of the Business. The manager need not have an equity interest in the Business.

You and each of your owners must sign a personal guaranty guaranteeing the Franchisee’s obligations under the Franchise Agreement. The personal guaranty obligates each of the franchisee’s owners to pay, on demand, all indebtedness owed by the franchisee to us and to otherwise perform all obligations of the

franchisee under the Franchise Agreement. We do not currently require the spouses of franchisee principals to sign a personal guaranty, although we reserve the right to do so in the future versions of the Franchise Agreement. The guaranty is attached as Exhibit A to the Franchise Agreement (Exhibit C to this Disclosure Document).

In addition, all managers, your owners if you are a corporation or other legal entity, key employees and the spouses and immediate family members of all these individuals, must sign a Confidentiality and Noncompetition Agreement attached as Attachment IV to the Franchise Agreement (Exhibit C to this Disclosure Document) to maintain the confidentiality of the trade secrets and to conform with the covenants not to compete.

You, your managers and certain key employees must acknowledge and abide by the User Agreement (attached as Exhibit K to this Disclosure Document) before you and any such manager(s) and employee(s) first use or access the proprietary software. We may require you and any such manager(s) and employee(s) to acknowledge and agree to the User Agreement (as we may revise in our sole business judgment) periodically during the term of the Franchise Agreement.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We require you to offer and sell only those services and products which we approve, and you must offer all services and products which we require. There are no limits on our right to make modifications to the approved products and services from time to time as we identify in the Manual Suite or otherwise in writing. Any failure to comply with these changes may result in termination of the Franchise Agreement (see Item 17).

You may offer both Core Services and Non-Core Services to customers, except that all Non-Core Services must be provided under (or otherwise done in association with) the Marks and you must pay a royalty on all revenues associated with your provision of Non-Core Services.

You may not actively solicit customers that are located outside of your Territory.

You may use only marketing and promotional materials that we have approved.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

Provision	Section in Franchise Agreement ("FA"), Mailer Services Agreement ("MSA")	Summary
a. Length of the franchise term	FA: Section 2.2 MSA: Section 2	Term is 15 years. Coterminous with the term of the Franchise Agreement.
b. Renewal or extension of the term	FA: Section 2.3; Renewal Addendum MSA: Not applicable	If you meet certain requirements, you can enter into a new Franchise Agreement for one 10-year renewal term.

<b>Provision</b>	<b>Section in Franchise Agreement ("FA"), Mailer Services Agreement ("MSA")</b>	<b>Summary</b>
c. Requirements for franchisee to renew or extend	FA: Sections 2.3, 2.4; Section 1 of Renewal Addendum  MSA: Not applicable	Give notice at least 180 days but no more than 270 days before the Franchise Agreement expires, be in good standing under the Franchise Agreement and other agreements with us and our affiliates; comply with our then-current training requirements; sign a general release; sign our then-current form of Agreement(s) (including our then-current form of Franchise Agreement, which may contain terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights). You also will sign a Renewal Addendum to the Franchise Agreement to clarify those terms of the Franchise Agreement that will not apply (e.g. the payment of the Initial Franchise Fee) in the form attached as Exhibit H.
d. Termination by franchisee	Not applicable	
e. Termination by franchisor without cause	FA: Not Applicable  MSA: Section 6	Terminates upon termination of the Franchise Agreement.
f. Termination by franchisor with cause	FA: Section 17.1 & 17.2  MSA: Section 6	We can terminate the Franchise Agreement for the reasons set forth in g. and h. below. We may terminate the MSA for any uncured default under the Franchise Agreement.
g. "Cause" defined – curable defaults	FA: Section 17.2  MSA: Section 6	You have 30 days to cure most defaults not listed in h. below. You have 24 hours to cure misuse of the Marks, 3 days to cure nonpayment of fees and 7 days to cure your failure to satisfactorily resolve customer complaints. You have 10 days to cure any default under the MSA.
h. "Cause" defined – non-curable defaults	FA: Section 17.2  MSA: Not applicable	Non-curable defaults include: insolvency; bankruptcy; appointment of a receiver; creditor proceeding; final judgment unsatisfied for 30 days; dissolution of your business entity; execution levied against Business or its assets; real or persona property sod after levy; failure to complete training; failure to open within

Provision	Section in Franchise Agreement ("FA"), Mailer Services Agreement ("MSA")	Summary
		120 days after the effective date of the Franchise Agreement; unauthorized transfer; closure of Business without our consent for 2 more consecutive business days; insufficient funds to pay fees on 3 or more occasions in a 12-month period; material misrepresentation; felony conviction; failure to maintain insurance; failure to contact customers after receipt of complaint; failure on 3 or more occasions in any 12-month period to comply with the Franchise Agreement; failure to cure defaults under other agreements with us; abandonment of the franchise relationship; violation of health, safety, sanitation or regulatory law; submission of false reports; failure to pay creditors, employees or suppliers business permit suspended or revoked; failure to attend convention for 2 consecutive years; failure to pay taxes; and failure to conduct background checks.
i. Franchisee's obligations on termination/non-renewal	FA: Section 17.3  MSA: Not applicable	Obligations include payment of all amounts due, return of the Manual Suite and other of our property, turn over customer data; cancel assumed name registrations; return literature, signs, unused customer contract forms, promotion materials and other materials bearing the Marks; comply with post-termination covenants not to compete; cease communications with customers; return customer keys; surrender to us your telephone number, maintain confidentiality, and cease use of Marks (also see r., below)
j. Assignment of contract by franchisor	FA: Section 18.1 MSA: Section 9	No restriction on our right to assign. No restriction on our right to assign.
k. "Transfer" by franchisee – definition	FA: Sections 18.2, 19  MSA: Not applicable	Includes transfer of Agreement or assets or ownership change.
l. Franchisor approval of transfer by franchisee	FA: Sections 18.2, 19  MSA: Section 9	We have the right to approve all transfers but will not unreasonably withhold approval provided stated conditions are satisfied. You may not assign without our prior written consent.

<b>Provision</b>	<b>Section in Franchise Agreement ("FA"), Mailer Services Agreement ("MSA")</b>	<b>Summary</b>
m. Conditions for franchisor approval of transfer	FA: Section 19  MSA: Not applicable	Conditions include: new franchisee qualifies, sign termination and release agreement; cure defaults and pay all fees owed; transfer fee paid, purchase agreement approved, training completed including required on-site training, release signed by you, Agreement signed by new franchisee (also see r., below).
n. Franchisor's right of first refusal to acquire franchisee's business	FA: Section 19.3  MSA: Not applicable	We can match any bona fide written offer for your Business or the ownership units of you if you are a company, partnership or other entity.
o. Franchisor's option to purchase franchisee's business	FA: Section 17.6 MSA: Not applicable	We have the right to assume your Business operations on expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	FA: Section 20  MSA: Not applicable	You or your estate must transfer the Business to approved buyer within 30 days. The buyer must begin Initial Training within 3 months after the transfer.
q. Noncompetition covenants during the term of the franchise	FA: Sections 21.2  MSA: Not applicable	No direct or indirect involvement in any competing business anywhere in the United States.
r. Noncompetition covenants after the franchise is terminated or expires	FA: Section 21.3  MSA: Not applicable	No competing business for 24 months within the Territory, or within 50 miles of the borders of the Territory and within 10 miles of the Territory of any other franchisee of ours. Competing business includes commercial cleaning businesses, as well as companies engaged in carpet cleaning, window cleaning and furniture cleaning.
s. Modification of the agreement	FA: Section 23.11  MSA: Not applicable	No modifications without consent of all parties, but Manual Suite are subject to change.
t. Integration/merger clause	FA: Section 23.11  MSA: Not applicable	Only the terms of the Franchise Agreement (including all related exhibits and agreements) and system standards in the Manual Suite are binding. Any representations or promises outside of this disclosure document and franchise agreement may not be enforceable.

<b>Provision</b>	<b>Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”)</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	FA: Sections 22.1, 22.2  MSA: Section 10	After mediation, all disputes (except certain claims) to be arbitrated in our home city (currently, Columbia, Maryland), subject to state law. Dispute resolution provisions of the Franchise Agreement apply to the MSA.
v. Choice of forum	FA: Section 22  MSA: Section 10	Litigation to be in Maryland (subject to state law) Choice of forum provisions of the Franchise Agreement apply to the MSA.
w. Choice of law	FA: Section 23  MSA: Section 10	Maryland common law applies, but Maryland statutory law does not apply unless the jurisdictional requirements of such statutes are satisfied (subject to state law) The governing law provisions of the Franchise Agreement apply to the MSA.
x. Liquidated Damages	FA: Section 17.7  MSA: Not Applicable	If we terminate the franchise agreement because you default or cease operations before the end of the 15 year term, you will be required to pay us early termination damages equal to your average weekly royalty and advertising fees for the immediately preceding 12 calendar months multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of the agreement.

**ITEM 18**  
**PUBLIC FIGURES**

We currently do not use any public figures to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides that actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 consists of three charts, which contain historical financial performance representations for the years 2012 and 2013 for our Affiliate-Operated Business in Columbia, Maryland and franchised locations (“Franchised Businesses”). We compiled this historical information from franchisee reports submitted to us via our proprietary business tracking software (TCA.net), except for Designated Household

information that appears in certain charts below, which we obtain from one or more third-party demographic service providers. We have not audited or otherwise reviewed this information.

Keep in mind that if a franchisee purchased rights to a larger geographic area in which to perform cleaning services, the gross revenues referenced in the charts reflect the revenues from that franchisee's larger Territory. The number of Designated Households for each franchisee varies, and your Territory may have a different number of Designated Households. The Franchised Businesses below had territories ranging in size from 49,288 to 72,567 Designated Households at the time of signing their respective franchise agreements with us. The Affiliate-Operated Business, which operates its business pursuant to an October 22, 2009, franchise agreement with us, had 66,479 Designated Households in its territory as of October 2009. The Affiliate-Operated Business pays the same fees to us and has the same obligations to us as franchisees. As noted in Item 1, a Designated Household is a home which has an average annual income of \$60,000 or more, except in California where the estimated annual gross income for a Designated Household is \$75,000. The number of Designated Households in a Territory may fluctuate over time.

### Chart 1: Overview

"Chart 1" provides a statement of actual gross revenues for the period January 1, 2013 through December 31, 2013 (the "Accounting Period"), which were compiled from Franchised Businesses and the one Affiliate-Operated Business that were in business for the entire Accounting Period. Chart 1 includes an average cost of goods sold percentage for the Accounting Period. (Cost of goods sold generally includes expenses for labor, payroll taxes, workers' compensation and general liability insurance, cleaning supplies, mileage, and royalties payable to us from both the Franchised Business and the Affiliate-Operated Business. It does not include overhead expenses such as advertising and mailer requirements, rent expense, telephone expenses, manager salaries, employee advertising, and the like.)

Chart 1 segregates and presents information based upon the top, middle and lower performing Franchised Businesses and the Affiliate-Operated Business. We determined the "top," "middle," and "lower" performing Franchised Businesses and the Affiliate-Operated Business by comparing the actual gross revenues achieved by each during the Accounting Period. We have not included information for Franchised Businesses open and operating less than the entire Accounting Period (8 Franchised Businesses that opened during the Accounting Period have been excluded; 2 Franchised Businesses that had no activity during the Accounting Period have been excluded). As noted in Item 1, the Affiliate-Operated Business has continuously operated as a THE CLEANING AUTHORITY business since 1996. In addition, Chart 1-A discloses the following information reported by Franchised Businesses and the Affiliate-Operated Business during the Accounting Period: (1) gross revenue; (2) average gross revenues, (3) total number of customers; (4) average price per clean; (5) total number of cleans performed; (6) average cost of goods sold; (7) average customer loss; (8) total estimate calls and total estimate appointments, and conversion percentages; (9) total sales made to new customers, and conversion percentage; (10) estimated total number of employees; and (11) average Territory size.

### Chart 1 (Affiliate-Operated Business & Franchised Businesses Operating From January 1, 2013 to December 31, 2013)

2013	Top Third Businesses By Revenue (Note 1)	Middle Third Businesses By Revenue (Note 1)	Lower Third Businesses By Revenue (Note 1)
<b>Total Number of Locations Open of all Businesses</b>	55 (1 Affiliate-	55	54

2013	Top Third Businesses By Revenue (Note 1)	Middle Third Businesses By Revenue (Note 1)	Lower Third Businesses By Revenue (Note 1)
	Operated)		
<b>Total Actual Gross Revenues of all Businesses (Note 2)</b>	\$89,212,830.08 (\$3,441,551.50)	\$52,856,942.31	\$30,618,178.29
<b>Average Gross Revenue of all Businesses</b>	\$1,622,051.46 (\$3,441,551.50)	\$961,035.31	\$567,003.30
<b>Total Customers of all Businesses</b>	38,200 (1,248)	24,667	15,040
<b>Average Price per Clean of all Businesses (Note 3)</b>	\$104.97 (\$121.30)	\$102.23	\$97.72
<b>Total Number of Cleans of all Businesses</b>	848,637 (28,288)	519,814	314,556
<b>Average Cost of Goods Sold ("COGS") of all Businesses</b>	61.55%	62.76%	64.99%
<b>(Note 4)</b>	(67.17%)		
<b>Average Customer Loss of all Businesses (Note 5)</b>	0.81% (0.58%)	0.86%	1.12%
<b>Total Estimate Calls of all Businesses (Note 6)</b>	53,347 (1,045)	34,908	29,045
<b>Total Estimate Appointments of all Businesses (Note 6)</b>	25,876 (518)	18,436	14,742
<b>Percentage Calls of all Businesses turning into Appointments of all Businesses</b>	48.51% (49.57%)	52.81%	50.76%
<b>Total Sales of all Businesses (Note 6)</b>	18,122 (342)	13,134	10,264
<b>Percentage Appointments of all Businesses turning into Sales of all Businesses</b>	70.03% (66.02%)	71.24%	69.62%
<b>Estimated Total Number of Employees of all Businesses (Note 6)</b>	2,553 (80)	1,662	1,048
<b>Average Territory Size (by Designated Household) of all Businesses (Note 7)</b>	85,939	60,065	54,922

**Note 1:** Of the 56 Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 24 (42.86%) exceeded the figure of \$1,654,542.53. In addition, of the 55 Middle Third Businesses operating for the entire Accounting Period, 25 (45.45%) exceeded the figure of \$961,035.31. Finally, of the 54 Lower Third Businesses operating the entire Accounting Period, 30



(54.55%) exceeded the figure of \$568,711.82. The information in parenthesis in each category is for the Affiliate-Operated Business.

**Note 2:** During the Accounting Period, the Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) had gross revenues ranging from \$1,195,038.77 to \$3,441,551.50; the Middle Third Businesses had gross revenues ranging from \$770,139.60 to \$1,192,475.36; and the Lower Third Businesses had gross revenues ranging from \$184,923.00 to \$756,525.34.

**Note 3:** Of the 56 Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 30 (53.57%) exceeded the figure of \$105.26. In addition, of the 55 Middle Third Businesses operating the entire Accounting Period, 24 (43.64%) exceeded the figure of \$102.23. Finally, of the 54 Lower Third Businesses operating the entire Accounting Period, 30 (54.55%) exceeded the Average Price per Clean figure of \$97.41.

**Note 4:** Of the 56 Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 29 (52.73%) exceeded the 61.55%. In addition, of the 55 Middle Third Businesses operating the entire Accounting Period, 27 (49.09%) exceeded the 62.76%. Finally, of the 54 Lower Third Businesses operating the entire Accounting Period, 23 (41.8%) exceeded the 64.99%. We do not include a breakdown of the cost categories included in the. In addition to the costs disclosed in this Chart, you will incur a weekly Mailer Fee as disclosed in Items 6, 7, 8, and 11 and stated in Section 7.1. of the Franchise Agreement.

**Note 5:** Of the 56 Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 25 (44.64%) exceeded the 0.75%. In addition, of the 55 Middle Third Businesses operating the entire Accounting Period, 25 (45.5%) exceeded the 0.86%. Finally, of the 54 Lower Third Businesses operating the entire Accounting Period, 22 (40%) exceeded the 1.12%.

**Note 6:** Numbers based on information submitted to us by Franchised Businesses and the one Affiliate-Operated Business through TCA.net during the Accounting Period.

**Note 7:** Territory size is measured by the number of Designated Households that are located in the physical footprint of the Territory. As noted in Item 1, the number of Designated Households is determined by one or more third-party demographic service providers. The number of Designated Households generally fluctuates over time and TCA.net tracks these fluctuations.

Of the 56 Top Third Businesses (1 Affiliate-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 25 (44.64%) exceeded 84,405 Designated Households. In addition, of the 55 Middle Third Businesses operating the entire Accounting Period, 22 (40%) exceeded 54,922 Designated Households. Finally, of the 54 Lower Third Businesses operating for the entire Accounting Period, 18 (32.73%) exceeded 53,775 Designated Households. The Territory Size of the Affiliate-Operated Business was 66,479 Designated Households.

### **Chart 2: Overview**

“Chart 2” contains two different tables. Table 2-A is a statement of actual and average gross revenues compiled from all Franchised Businesses and the Affiliate-Operated Business that were operational for the entire Accounting Period. Table 2-B is a statement of actual and average gross revenues compiled from all Franchised Businesses and the Affiliate-Operated Business that were operational for the entire 2012 calendar year (i.e., January 1, 2012 through December 31, 2012).

### Chart 2-A

**(Actual and Average Gross Revenues for  
Affiliate-Operated Business & Franchised Businesses  
Operating From January 1, 2013 to December 31, 2013)**

	<b>High</b>	<b>Low</b>	<b>Average Gross Revenues</b>
TCA Franchised Businesses (164)	\$2,681,232.01	\$184,923.00	\$1,050,599.53 <sup>(1)</sup>
Affiliate-Operated Business (1)	\$3,441,551.50	\$3,441,551.50	\$3,441,551.50
Total (165)	\$3,441,551.50	\$184,923.00	\$1,065,002.86 <sup>(2)</sup>

Notes:

- (1) Of the 164 Franchised Businesses operating the entire Accounting Period, 73 (44.24%) exceeded the Average Gross Revenue of \$1,050,599.53.
- (2) Of the 165 Businesses operating the entire Accounting Period (164 Franchised Businesses and 1 Affiliate-Operated Business), 73 (43.98%) exceeded the Average Gross Revenues of \$1,065,002.86.

### Chart 2-B

**(Actual and Average Gross Revenues for  
Affiliate-Operated Business & Franchised Businesses  
Operating From January 1, 2012 Through December 31, 2012)**

	<b>High</b>	<b>Low</b>	<b>Average Gross Revenues</b>
TCA Franchised Businesses (165)	\$2,685,080.19	\$144,147.97	\$991,789.52 <sup>(1)</sup>
Affiliate-Operated Business (1)	\$3,507,839.40	\$3,507,839.40	\$3,507,839.40
Total (166)	\$3,507,839.40	\$144,147.97	\$1,006,946.44 <sup>(2)</sup>

Notes:

- (1) Of the 165 Franchised Businesses operating the entire Accounting Period, 74 (44.8%) exceeded the Average Gross Revenue of \$991,789.52.
- (2) Of the 166 Businesses operating the entire Accounting Period (165 Franchised Businesses and 1 Affiliate-Operated Business), 72 (43.4%) exceeded the Average Gross Revenues of \$1,006,946.44.

Some businesses have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

Except for Designated Household information (which we obtained from one or more third-party demographic service providers), the information used in this Item 19 was taken from financial information submitted to us by our franchisees via TCA.net, our proprietary business management

software that franchisees must use in the operation of their THE CLEANING AUTHORITY businesses. We require that our franchisees track all revenues of the franchised business (including customer information) in TCA.net, and strongly recommend that our franchisees use TCA.net to track key cost information of their respective franchised businesses (for example, cost of cleaning supplies, labor, mileage reimbursement, payroll taxes, and insurance). We believe the majority of our franchisees follow this recommendation and use TCA.net to track key cost information in TCA.net. We have no reason to doubt the accuracy of the information included in this Item 19, but we have not verified it, and the information has not been audited.

Keep in mind that the financial performance figures in Chart 1 do not necessarily reflect all costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues figures to obtain your net income or profit. Likewise, Chart 2 does not reflect any costs whatsoever of sales, operating expenses, or other costs or expenses whatsoever, which must be deducted from gross revenues to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised THE CLEANING AUTHORITY Business. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

The information provided in this Item 19, including statements of actual gross revenues, is based on historical results. The information is based on economic conditions as they existed during the relevant time frame. No consideration has been made in any category for inflation-related adjustments or weakness in general conditions.

The revenues and expenses of a Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other firms in the market; (c) population density of market; (d) size of the Territory serviced by the franchisee; (e) proximity to other Businesses; (f) advertising effectiveness based on market saturation; (g) whether the franchisee assumes the position as or hires a manager; (h) the payment of royalties, mailer fees, national advertising production and promotional fees; (i) the franchisee's service and pricing; (j) vendor prices on merchandise and products; (k) salaries and benefits to non-Business personnel; (l) Business personnel benefits (life and health insurance, etc.); and (m) employment conditions in the market.

Other than the preceding financial performance representation, The Cleaning Authority, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~Mr. Tim Evankovich~~ Iric Wexler, our Vice President and Director, Development, 7230 Lee DeForest Drive, Suite 200, Columbia, MD 21046 and (410) 740-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

We will provide substantially similar training and guidance to you in the operation of your franchise as we provided to the owners of the franchises shown in this section.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2011 to 2013\***

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised Outlets	2011	173	174	+1
	2012	174	172	-2
	2013	172	174	+2
Company-Owned	2011	1	1	0
	2012	1	1	0
	2013	1	1	0
<b>Total Outlets</b>	<b>2011</b>	<b>174</b>	<b>175</b>	<b>+1</b>
	<b>2012</b>	<b>175</b>	<b>173</b>	<b>-2</b>
	<b>2013</b>	<b>173</b>	<b>175</b>	<b>+2</b>

\* As of December 31, 2011, 2012 and 2013. The Company-owned outlet is operated by our affiliate, Mighty Maids.

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2011 to 2013\***

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Arkansas	2011	1
	2012	0
	2013	0
Arizona	2011	0
	2012	0
	2013	1
California	2011	0
	2012	0
	2013	2
Colorado	2011	0
	2012	1
	2013	1
Florida	2011	1
	2012	0
	2013	0
Georgia	2011	1
	2012	0
	2013	0
Maine	2011	1
	2012	0
	2013	0

State	Year	Number of Transfers
Michigan	2011	1
	2012	0
	2013	2
Minnesota	2011	1
	2012	0
	2013	0
New Jersey	2011	0
	2012	1
	2013	0
New York	2011	0
	2012	1
	2013	0
North Carolina	2011	0
	2012	1
	2013	0
Texas	2011	1
	2012	1
	2013	0
Virginia	2011	2
	2012	0
	2013	0
Washington	2011	1
	2012	0
	2013	0
<b>Total</b>	<b>2011</b>	<b>10</b>
	<b>2012</b>	<b>5</b>
	<b>2013</b>	<b>5</b>

\*As of December 31, 2011, 2012 and 2013. States not listed had no transfer activity to report.

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2011 to 2013\***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Arizona	2011	5	0	0	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Arkansas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California	2011	12	0	1	0	0	0	11
	2012	11	0	0	0	0	2	9
	2013	9	1	0	1	0	0	9
Colorado	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	1	5
	2013	5	0	0	0	0	0	5
Delaware	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	12	2	1	0	0	1	12
	2012	12	0	0	0	0	0	12
	2013	12	2	0	0	0	2	12
Georgia	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
Idaho	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Illinois	2011	7	0	0	0	0	0	7
	2012	7	0	0	0	0	1	6
	2013	6	0	0	0	0	0	6
Indiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Iowa	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Kansas	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Kentucky	2011	1	1	0	1	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Maine	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Maryland	2011	8	0	0	0	0	0	8
	2012	8	0	0	0	0	0	8
	2013	8	0	0	0	0	0	8
Michigan	2011	13	0	0	0	0	0	13
	2012	13	0	0	0	0	0	13
	2013	13	0	0	0	0	0	13
Minnesota	2011	5	0	0	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Missouri	2011	5	0	0	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Nebraska	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Nevada	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	1	2
New Hampshire	2011	1	0	0	0	0	1	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
New Jersey	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	1	0	0	0	1	6
New Mexico	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
New York	2011	3	0	0	0	0	0	3
	2012	3	2	0	0	0	0	5
	2013	5	0	0	0	0	0	5
North Carolina	2011	8	1	0	0	0	0	9
	2012	9	0	0	0	0	0	9
	2013	9	0	0	0	0	1	8
Ohio	2011	9	0	0	0	0	0	9
	2012	9	0	0	0	0	0	9
	2013	9	1	0	0	0	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Oklahoma	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Oregon	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	1	2
	2013	2	0	0	0	0	0	2
Pennsylvania	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
Rhode Island	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
South Carolina	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Tennessee	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
Texas	2011	14	0	0	0	0	0	14
	2012	14	2	0	0	0	0	16
	2013	16	0	0	0	0	0	16
Utah	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Virginia	2011	9	0	0	0	0	1	8
	2012	8	0	0	0	0	0	8
	2013	8	0	0	0	0	0	8
Washington	2011	8	1	0	0	0	0	9
	2012	9	0	0	0	0	2	7
	2013	7	0	0	0	0	0	7
Wisconsin	2011	4	0	0	0	0	0	4
	2012	4	1	0	0	0	0	5
	2013	5	0	0	0	0	0	5
<b>Total</b>	<b>2011</b>	<b>173</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>174</b>
	<b>2012</b>	<b>174</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>172</b>
	<b>2013</b>	<b>172</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>174</b>

\*As of December 31, 2011, 2012 and 2013. States not listed had no franchised activity to report. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.



**Table No. 4**  
**Status of Company-Owned Outlets For Years 2011 to 2013\***

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maryland	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
<b>Total</b>	<b>2011</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2012</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2013</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

\*As of December 31, 2011, 2012 and 2013. States not listed had no corporate activity to report. The Company-owned outlet is operated by our affiliate, Mighty Maids.

**Table No. 5**  
**Projected Openings for Upcoming Fiscal Year – January 1, 2014 to December 31, 2014**

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the next Fiscal Year
California	0	6	0
Connecticut	0	2	0
Massachusetts	0	3	0
New Jersey	0	3	0
New York	0	2	0
Ohio	0	1	0
Pennsylvania	0	2	0
<b>Total</b>	<b>0</b>	<b>19</b>	<b>0</b>

Exhibit G lists the names of all of our operating franchisees and the addresses and telephone numbers of their Businesses as of December 31, 2013, as well as the contact information for our franchisees that have signed a Franchise Agreement, but whose outlets were not operational as of December 31, 2013. Exhibit G also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

THE CLEANING AUTHORITY Franchisee Advisory Council is sponsored by us, but its members are elected by franchisees. You can reach the organization at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046, (410) 740-1900, and Laura Liebler (FAC Chairperson) at lutzca@yahoo.com.

No independent franchisee organization has asked to be included in this Disclosure Document.

## **ITEM 21** **FINANCIAL STATEMENTS**

Exhibit E includes our audited financial statements for our fiscal years ended December 31, 2013, December 31, 2012 and December 31, 2011; unaudited financial statements as of June 30, 2014; and a unaudited balance sheet as of August 19, 2014 (which is the date ownership interests in our parent company were sold).

## **ITEM 22** **CONTRACTS**

Attached to this Disclosure Document are the following:

- Exhibit C – Franchise Agreement, including Territory Exhibit, Guaranty (to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee), Mailer Services Agreement, EFT Agreement ~~and~~, AND Confidentiality and Noncompetition Agreement
- Exhibit D – State Specific Addenda to Franchise Agreement
- Exhibit H - Renewal Addendum
- Exhibit I - Questionnaire
- Exhibit J – Form of General Release Agreement
- Exhibit K – User Agreement

## **ITEM 23** **RECEIPTS**

The last two pages of this Disclosure Document (Exhibit L) are detachable documents acknowledging receipt of this Disclosure Document.