

FRANCHISE DISCLOSURE DOCUMENT
THE CLOSET FACTORY FRANCHISE CORPORATION
(A California Corporation)
12800 South Broadway
Los Angeles, California 90061
(310) 516-7000
www.closetfactory.com
john.labarbera@closetfactory.com



The Franchisee will operate a Closet Factory Business which will market, install, repair, and service custom closets and storage systems for consumers and sell other related products and services.

The total investment necessary to begin operations of a Closet Factory franchise ranges from \$392,500 to \$663,500. This includes \$58,500 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

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 our Chief Executive Officer and Chief Financial Officer, John La Barbera at 12800 South Broadway, Los Angeles, California 90061 and 310-516-7000, john.labarbera@closetfactory.com.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission.

You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 28, 2025, as amended August 13, 2025

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, Business Form, Names and Address

The Closet Factory Franchise Corporation ("CFFC," "we," "us" or "our") is a California corporation which was incorporated on May 17, 1985. Our principal place of business is located at 12800 South Broadway, Los Angeles, California, 90061. We also do business under the name "Closet Factory." In this Disclosure Document, "you" or "your" means the person or legal entity that buys the franchise and includes anyone acting on your behalf or under your control. If a corporation or partnership buys the franchise, "you" or "your" includes all of your owners.

Our agents for service of process are disclosed in Exhibit E.

Our Parents, Predecessors and Affiliates

In 1983, John La Barbera organized our predecessor, The Closet Factory, Inc., a California corporation ("CFI"), whose principal place of business is the same as ours. Mr. La Barbera serves as Co-Chief Executive Officer and Chief Financial Officer of both entities. CFI has, since 1983, operated a business substantially identical to the franchises offered in this Disclosure Document, and currently operates 6 retail outlets according to the standards we prescribe for franchisees, in California. We do not own or operate any retail outlets. We have entered into an agreement with CFI which grants each party rights and privileges and provides relief to CFI from reporting obligations and payment of fees to us, in consideration for our use of CFI's research and development of the business plan and programs. This agreement does not impose any conditions upon our right to grant franchises for Closet Factory Businesses. We began selling Closet Factory franchises in December 1985.

We do not and have not offered franchises in any other line of business. CFI does not offer franchises in any line of business and we have no parent companies.

We have an affiliate, Sierra Support Service, Inc., a California corporation ("Sierra Support Service"), which was incorporated on January 10, 2019, which provides advertising and support services and products. Sierra Support Service is currently an Authorized Supplier of these services and products. We may require you to purchase services and products from our affiliate in the future. The principal business address for Sierra Support Service is the same as ours. Sierra Support Service has never conducted a business of the type to be operated by you and has never offered franchises of any type.

We have an affiliate, Painting Masters Franchise Corporation ("Painting Masters"), a California corporation, which was incorporated on February 2, 2018, whose principal office is the same as ours. Painting Masters offers franchises for businesses that provide residential and commercial painting services. Painting Masters began selling Painting Masters franchises in July 2018. Painting Masters has no franchised outlets as of December 31, 2024 and does not offer franchises in any other line of business.

Our Business and the Franchises to be offered in This State

We offer franchises for businesses in which you will market, design, manufacture, construct, install, repair and service custom closets and storage systems for consumers and sell other related products and services, using our federally registered trademark and other trademarks, logos and services marks that we or

our affiliates own or have the right to use and license you to use (the "Closet Factory Marks" or the "Marks"). We are not involved in any other business activities. The general market for your services will include builders, residential and commercial clients and interior decorators. We regard the market for your services and products to be developing.

Certain aspects of your business may, in some localities, require you or your employees to hold certain vocational or other licenses and permits such as a contractor's license. These requirements vary from location to location and you should make a thorough and independent investigation of this aspect with state and local authorities before purchasing a Closet Factory Franchise. You must comply with all applicable laws.

You will compete with other businesses providing like services, including, independent closet design and fabricating businesses, contractors, competing franchise chains, stores offering prefabricated ready-to-install shelving and storage units and similar businesses.

ITEM 2
BUSINESS EXPERIENCE

Co-Chief Executive Officer and Chief Financial Officer:

John F. La Barbera

Mr. La Barbera served as our Chief Executive Officer from our founding in May 1985 to February 2016, and as Chief Executive Officer of CFI from its founding in August 1983 to February 2016. From February 2016 to the present, Mr. La Barbera has served as our Co-Chief Executive Officer and as the Co-Chief Executive Officer of CFI since February 2016. Mr. La Barbera has served as our Chief Financial Officer from May 1985 to the present and as the Chief Financial Officer of CFI from August 1983 to the present. Mr. La Barbera has also served as the Co-Chief Executive Officer and Chief Financial Officer of Sierra Support Service, in Los Angeles, California since January 2019, and From February 2018 to the present, Mr. La Barbera has also served as the Co-Chief Executive Officer and Chief Financial Officer of Painting Masters in Los Angeles, California since February 2018.

Co-Chief Executive Officer and Chief Operating Officer:

Gregory K. Stein

Mr. Stein joined us as our President and as President of CFI in 1992. From February 2016 to the present, Mr. Stein has served as our Co-Chief Executive Officer and as the Co-Chief Executive Officer of CFI since February 2016. From January 2019 to the present, Mr. Stein has also served as the Co-Chief Executive Officer and Chief Operating Officer of Sierra Support Service, in Los Angeles, California since January 2019, and From February 2018 to the present, Mr. Stein has also served as the Co-Chief Executive Officer and Chief Operating Officer of Painting Masters in Los Angeles, California since February 2018. From August 1993 to the present, Mr. Stein has served as our Chief Financial Officer and as the Chief Financial Officer of CFI.

President:

Jeff Henderson

Mr. Henderson has served as our President since June 2025. Mr. Henderson served as the Chief Executive Officer of our franchisee, Inspired Design Company LLC dba The Closet Factory, in Grapevine, Texas since July 2020. From June 2015 to December 2020, Mr. Henderson served as Chief Executive Officer of JAG Restaurant Group in San Jose, California.

Chief Operating Officer: Stephen Newman

Mr. Newman has served as our Chief Operating Officer since June 2025. Mr. Newman served as President and Chief Executive Officer of our franchisee, Save Bucks, Inc. dba The Closet Factory in Deerfield Beach, Florida since April 2005.

Vice President of Business Development: Dan Grandon

Mr. Grandon has served as our Vice President of Business Development since January 2023 ~~since January 1, 2023 to the present~~. From February 2016 to December 2022, Mr. Grandon served as our President. ~~From February 2018 to the present~~, Mr. Grandon has also served as the Vice President of Painting Masters in Los Angeles, California since February 2018.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee is \$58,500 and is nonrefundable. You must pay us the initial franchise fee in full when you sign the Franchise Agreement. The initial franchise fee is uniform to all parties applying to purchase a franchise; however, we may reduce, finance, defer or waive the initial franchise fee if and when we determine, in our discretion, it is warranted by a unique or compelling situation.

ITEM 6
OTHER FEES

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty	Equal to the greater of 6.75% of Gross Receipts ⁽²⁾ or \$975 per week.	First day following the close of each week.	If we do not receive your royalty payment when due, we may debit your account by an amount equal to the greater of: (i) the minimum continuing royalty; or (ii) an amount equal to the average royalty amount due over the most recent 10 royalty periods for which we have received Gross Receipts data. Minimum royalty does not begin until the 40 th week following the opening of your Closet Factory Outlet. The minimum continuing royalty amount is

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
	currently 10% annually in California, but not to exceed 1.5% per month.		together with interest at the prime rate of interest then in effect at Bank of America, plus 4% per annum (or the highest rate of interest allowed under applicable law).
Transfer Fee	\$18,500	Before transfer.	Subject to inflation adjustment, subject to state law.
Renewal Fee ⁽³⁾	\$7,000	Payable at the time of written notice by you to exercise renewal option.	
Tuition Fee - Optional Training Programs	\$200 per day for optional training programs.	Payable before attending training.	You must pay for all expenses incurred by you and your supervisory and managerial personnel in connection with all training programs.
Regional Leadership Conference / Possible Convention Absence Fee	We will charge \$750.00, per Franchisee, if Franchisee fails to attend a Regional Leadership Conference or other meeting designated by us as mandatory.	If assessed, 10 days after first day of the designated conference.	Unless you fail to comply with our attendance requirements, we do not charge any attendance fee for one person per Closet Factory Outlet for each mandatory meeting. Typically, there will be at least 2 designated meetings per year.
Audit Expenses	Cost of audit and understatement plus interest.	Upon demand	Costs of audit payable if you fail to furnish required reports and documents, understatement of Gross Volume is greater than 2%.
Remedial Training	\$200 per day, plus the actual out of pocket costs we incur, if any	Upon demand.	If we determine it to be necessary, we may provide you and your supervisory or managerial personnel with on-site remedial training or assistance subject to the availability of our personnel. You must pay a fee we will charge you and other franchisees to defray the direct costs of providing this remedial training.
Management Fee	\$500 per day	Upon demand.	After we give you written notice that you are in default, we may (but are not obligated to) assume management of your Closet Factory Outlet. If we do so, we have the right to charge you a fee for our management services.
ClosetWare License Fee ⁽⁴⁾	\$94.68 per month	As arranged.	
Potential Customer Lead Referral Fee	Between \$30 and \$75 per referral, as determined in our Business Judgment	Upon demand.	We may provide you with potential customer leads obtained through the Internet or other sources. The fee may vary based on the origination of the lead and is subject to change.

(1) Unless otherwise noted above, all fees are uniformly imposed, collected by and payable to us. Payments for local advertising, marketing and promotion may be payable to local suppliers of these services. All fees are nonrefundable. You must participate in our then-current electronic funds transfer and reporting programs. None of these fees are imposed by a cooperative.

Type Of Expenditure	Estimated Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
3 months ⁽⁵⁾ ⁽⁶⁾				Suppliers
TOTAL ⁽⁶⁾	\$392,500- \$663,500			

NOTE: Amounts are uniformly imposed and not refundable, unless noted otherwise.

(1) We estimate that your monthly rent will range from \$7,000 to \$16,000. The estimate provided above is for the cost of 3 months' rent plus a security deposit equivalent to one month's rent. Real estate costs will depend on many factors including the location and size of the site and the prevailing pricing, terms and conditions of leasing. We can make no estimate as to the cost of purchasing a site/facility for your Closet Factory® Business.

(2) Your site must comply with our currently approved specifications and standards. The cost of property improvements depends upon the size and condition of the premises of your Closet Factory Outlet and the cost of local contract work.

(3) Price and payment terms are set by the various Authorized Suppliers. If you request, we will assist you in obtaining suitable equipment and financing from third parties. This amount includes an estimated \$2,500 for your computer system.

(4) Estimated amount based on the required deposit on a lease of 2-3 vans.

(5) You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all of your obligations under the Franchise Agreement and to cover the risks and contingencies of the franchised business for at least three (3) months. This Additional Funds figure represents an estimate of the capital you will need to cover any other miscellaneous required business (not personal) expenses you may incur before opening and through the first 3 months of operation of the franchised business. You will need working capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses. New businesses (franchised or not) often have larger expenses than revenues. ~~Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business, competition, local cost factors and the sales levels achieved by you.~~

The Additional Funds figure also includes initial insurance premiums. You must maintain in force policies of insurance issued by carriers approved by us covering various risks. We can specify the types and amounts of coverage required under these policies and require different or additional kinds of insurance at any time, including excess liability insurance. If you fail to maintain required insurance coverage, we can obtain such insurance coverage on your behalf and you will pay us for costs incurred by us. Each insurance policy must name us and our affiliates as additional named insureds. See Section 10.5 of the Franchise Agreement.

Our current insurance requirements are: (a) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your Closet Factory Outlet; (b) all risk property and casualty insurance for the replacement value of your Closet Factory Outlet and all associated items; and (c) business interruption insurance providing for continued payment of all amounts due to us or any affiliate of ours under the Franchise Agreement.

ITEM 23
RECEIPTS
(RETURN THIS COPY TO US)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Closet Factory Franchise Corporation offers you a franchise, then The Closet Factory Franchise Corporation must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale or grant, except as to the following states:

Michigan requires that The Closet Factory Franchise Corporation give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Closet Factory Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred, and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit E.

The franchisor is The Closet Factory Franchise Corporation, 12800 South Broadway, Los Angeles, California 90061, 310-715-1000.

Date of Issuance: April 28, 2025, as amended August 13, 2025.

Franchise Seller Information: John La Barbera, Dan Grandon, Jeff Henderson, Stephen Newman and Gregory Stein, all at 12800 South Broadway, Los Angeles, California 90061, (310) 715-1000; Michael Touey at Franchise Advisors, 1040 Camino Del Rey Pkwy., Palm Coast, Florida 32137; (610) 574-1500; and _____.

I received a Disclosure Document dated April 28, 2025, as amended August 13, 2025, that included the following Exhibits:

- Exhibit A - Financial Statements
- Exhibit B - Franchise Agreement with Exhibits
- Exhibit C - Confidentiality Agreement
- Exhibit D - Table of Contents for Manuals
- Exhibit E - List of State Franchise Administrators
- Exhibit F - State Addenda
- Exhibit G - List of Franchisees and Terminated Franchisees
- Exhibit H - Nondisclosure and Confidentiality Agreement

EFFECTIVE DATES

- Exhibit I - Receipts

Date

Prospective Franchisee

Date

Prospective Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: John La Barbera, The Closet Factory Franchise Corporation, 12800 South Broadway, Los Angeles, California 90061.

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Prospective Franchisee

Date

Prospective Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website, www.closetfactory.com.