

FRANCHISE DISCLOSURE DOCUMENT

1 800 WATER DAMAGE International, LLC
A Delaware Limited Liability Company
731 Fairfield Court
Ann Arbor, Michigan 48108
1-734-864-9799
1800waterdamage.com



We offer qualified individuals the right to operate a business offering water damage restoration services, carpet, tile and grout cleaning services, mold remediation, odor removal, fire, smoke and related cleaning and remediation products and services utilizing the 1-800 WATER DAMAGE business system.

The total investment necessary to begin operation of a WATER DAMAGE Business in a single Territory ranges from \$132,099.10 to \$206,728.18. This includes \$90,000 to \$115,500 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Janet Hughes, Legal Administrator, at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799.

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 the 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 20, 2019, as amended July 19, 2019

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 C 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 REQUIRE YOU TO FIRST RESOLVE ALL DISPUTES WITH US, AT OUR OPTION, BY MEDIATION, AND THEN LITIGATION IN ANN ARBOR, MICHIGAN. OUT OF STATE MEDIATION AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MICHIGAN 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. THE FRANCHISE AGREEMENT REQUIRES YOU TO ATTAIN, THEN MAINTAIN, CERTAIN MINIMUM MONTHLY GROSS SALES. THE MINIMUM MONTHLY GROSS SALES IN THE SECOND YEAR OF OPERATION IS \$10,400 PER MONTH, IN THE THIRD YEAR OF OPERATION THE MINIMUM IS \$21,500 PER MONTH, IN THE FOURTH YEAR OF OPERATIONS THE MINIMUM IS \$30,000 PER MONTH AND IN THE FIFTH YEAR AND BEYOND THE MINIMUM IS \$41,500 PER MONTH. IF YOU FAIL TO DO SO, THE FRANCHISOR COULD TERMINATE YOUR FRANCHISE AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.
4. YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THE GUARANTY WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IS YOUR FRANCHISE FAILS.
5. 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 Dates for this Franchise Disclosure Document are listed on the following page]

STATE ISSUANCE/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.

This 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:

California: Pending Registration

Florida: Effective

Hawaii: Pending Registration

Illinois: Pending Registration

Indiana: May 16, 2019

Maryland: Pending Registration

Michigan: Effective

Minnesota: Pending Registration

New York: Pending Registration

North Dakota: Pending Registration

Rhode Island: Pending Registration

South Dakota: Pending Registration

Utah: Effective

Virginia: Pending Registration

Washington: Pending Registration

Wisconsin: Pending Registration

In all other states, the effective date of this Franchise Disclosure Document is the Issue Date of April 20, 2019, as amended July 19, 2019.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/1-800-water-damage>