

FRANCHISE DISCLOSURE DOCUMENT

AUTO APPRAISAL NETWORK, INC

A California Corporation
23986 Aliso Creek Rd Ste. 204
Laguna Niguel, CA 92677
(949) 387-7774
www.autoappraisalnetwork.com



We offer to you the right to operate a business offering professional evaluation and inspection of all types of automobiles, watercraft and/or motorcycles for the purpose of financing, insurance and other requirements as needed by owners, under the name “Auto Appraisal Network.”

The total investment necessary to begin operation of an Auto Appraisal franchise is currently \$16,700 for a low and \$44,275 for a high. This includes \$12,000 to \$20,000 that must be paid to us or our affiliates.

The total investment necessary to begin operation of an Auto Appraisal Area Developer Agreement Franchise is currently \$26,700 for a low and \$64,275 for a high. This includes \$10,000 that must be paid to us or our 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 any 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. David Williams, 23986 Aliso Creek Rd Ste. 240, Laguna Niguel, Ca 92677, (949) 387-7774.

The terms of your contract will govern your franchise relationship. Don't rely on this 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.

Date of Issuance March 10, 2016

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 D 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 PERMITS YOU TO ARBITRATE ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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 BRING SUIT IN CALIFORNIA. CERTAIN STATE LAWS MAY SUPERSEDE THIS PROVISION. SEE EXHIBIT D (State Specific Addendum), IF THIS IS REQUIRED BY YOUR STATE.

4. THE TERRITORIAL RIGHTS GRANTED IN THE FRANCHISE AGREEMENT ARE DEPENDENT ON ACHIEVING CERTAIN QUARTERLY PERFORMANCE STANDARDS.

5. THE FRANCHISEE MUST PAY A \$250 SERVICE FEE EVERY MONTH, EVEN IF NO SALES ARE MADE.

6. THERE MAY BE OTHER RISKS CONCERNING THIS 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.

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:

| STATE | EFFECTIVE DATE |
|-----------------------------|-----------------------|
| California | April 1, 2016 |
| Hawaii | |
| Illinois (File No. 516-12) | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York (File #10-0052) | |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Virginia | |
| Washington (File #70013906) | 04.24.2015 |
| Wisconsin | |

In all the other states not requiring registration or filing, the effective date of this Franchise Disclosure Document is the issuance date of March 10, 2016.

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