

FRANCHISE DISCLOSURE DOCUMENT

DetailXPerts Franchise Systems, LLC
A Michigan Limited Liability Company
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DetailXPerts Franchise Systems, LLC is offering franchises for the operation of a business which provides mobile vehicle wash, detailing and related services.

The total estimated initial investment necessary to begin operation of a DETAILXPERTS franchise ranges from \$88,500 to \$195,100. This includes from \$65,500 to \$88,100 that must be paid to the franchisor or its affiliate. We also offer the right to enter into a Development Agreement to open and operate multiple unit franchises within a delineated geographical area. The franchisee pays a discounted initial franchise fee of \$25,000 for the second and each subsequent DetailXPerts franchises to be developed under the Development Agreement.

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 Operating Officer at 6121 Heritage Park Drive, Suite #A, Chattanooga, Tennessee 37416, (877) 317-9737.

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 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 "*Buying a Franchise, A Consumer Guide*," 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.

THE DATE OF ISSUANCE OF THIS DISCLOSURE DOCUMENT IN THE NON-REGISTRATION STATES IS:

June 24, 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 A for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US FIRST BY NON-BINDING MEDIATION THEN ARBITRATION OR, AS APPLICABLE, LITIGATION, ONLY IN MICHIGAN. OUT OF STATE MEDIATION, ARBITRATION OR, LITIGATION, AS APPLICABLE, MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR, AS APPLICABLE, LITIGATE, WITH US IN MICHIGAN.**
- 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 FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$88,500 TO \$195,100. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S NEGATIVE EQUITY OF \$197,056 AS OF DECEMBER 31, 2018.**
- 4. YOU MUST MAKE MINIMUM ROYALTY, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.**
- 5. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.**
- 6. IN 2018 A LARGE NUMBER OF FRANCHISED OUTLETS (14) WERE [TERMINATED, NOT RENEWED, REAQUIRED, OR CEASED OPERATIONS FOR OTHER REASONS.] THIS FRANCHISE COULD BE A HIGHER RISK**

INVESTMENT THAN A FRANCHISE SYSTEM WITH A LOWER TURNOVER RATE.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We reserve the right to use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, and 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.

The effective date of this Disclosure Document in the states with registration laws are on the following page:

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