

## FRANCHISE DISCLOSURE DOCUMENT

**DUCTZ International, LLC**  
**A Michigan Limited Liability Company**  
**731 Fairfield Court**  
**Ann Arbor, MI 48108**  
**888-DUCTZ-USA**  
**info@ductz.com**  
**www.DUCTZ.com**



The franchise owner will provide HVAC cleaning and restoration services for residential and commercial dwellings and buildings, utilizing the DUCTZ business system, which is sometimes referred to below as the “Franchise”, “Franchised Business” or “DUCTZ Franchise.” The total investment necessary to begin operation of a DUCTZ franchise is from \$54,330 to \$103,775. This includes a minimum from \$38,400 and a maximum of \$50,900 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 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 Ms. Janet Hughes, Director of Legal Administration, at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9774.

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](http://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 1, 2014**

[See state specific issuance dates, if different from the above date, on page 4.]

April 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 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:

AT OUR OPTION, THE FRANCHISE AGREEMENT REQUIRES YOU TO FIRST RESOLVE ALL DISPUTES WITH US BY MEDIATION ONLY IN ANN ARBOR, MICHIGAN. OUT OF STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

ANY DISPUTES WITH US THAT ARE NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN MICHIGAN. IT MAY COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

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.

VENDORS OF PRODUCTS AND EQUIPMENT MAY CHOOSE NOT TO SELL OR LEASE RECOMMENDED OR REQUIRED EQUIPMENT, PRODUCTS OR SERVICES TO YOU, DEPENDING ON SUCH FACTORS AS YOUR CREDIT AND ARRANGEMENTS WITH OTHER SELLERS IN YOUR AREA

YOUR TERRITORY IS NOT AN EXCLUSIVE TERRITORY BUT A PROTECTED MARKETING AREA AS FURTHER DESCRIBED UNDER ITEM 12.

THE FRANCHISOR HAS MINIMUM SALES PERFORMANCE STANDARDS THAT YOU MUST MAINTAIN. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

“PER NOTE 2 OF THE NOTES TO FINANCIALS STATEMENTS DECEMBER 31, 2013, THE FRANCHISOR IS A GUARANTOR FOR AN AFFILIATE WHO HAS OUTSTANDING BORROWINGS UNDER THESE LOANS AND THE MAXIMUM POTENTIAL FUTURE OBLIGATION UNDER THIS GUARANTEE TOTAL \$429,428,798 AND \$460,000,000, RESPECTIVELY, AND ARE PAYABLE THROUGH APRIL 2019. IN THE EVENT THE FRANCHISOR IS REQUIRED TO MAKE PAYMENTS UNDER THIS GUARANTEE, THE FRANCHISOR DOES NOT HOLD SPECIFIC RECOURSE OR COLLATERAL RIGHTS IN CONNECTION WITH

THIS GUARANTEE.” PLEASE KNOW THAT THE FINANCIAL STATEMENTS OF THIS AFFILIATE COMPANY ARE NOT INCLUDED IN THIS DOCUMENT. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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