

FRANCHISE DISCLOSURE DOCUMENT

PRO ENERGY CONSULTANTS

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You will operate a Pro Energy Consultants home and building performance testing and improvements business. Home and building performance testing services include, but are not limited to, energy audits, energy monitoring, new construction ratings, duct testing, and indoor air quality testing. The improvement/repair services include but are not limited to air sealing, duct sealing, insulation, and indoor air quality treatments.

The total investment necessary to begin operation of a Pro Energy Consultants Franchised Business is \$35,400 to \$46,450. This includes \$29,900 that must be paid to the Franchisor or its 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 our Compliance Department at 7100 East Pleasant Valley Rd. Suite 300 Independence, Ohio 44131, Telephone: (877) 392-6278 or at the E-mail address above.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read the entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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, DC 20580. You can also visit the FTC's home page at <u>www.ftc.gov</u> 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.

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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, 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 BY ARBITRATION ONLY IN OHIO. OUT-OF-STATE ARBITRATION/MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN OHIO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT OHIO 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. SPOUSES OF FRANCHISE OWNERS MUST EXECUTE A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

(FOR STATE ADDENDA AND AMENDMENTS, SEE EXHIBIT G)

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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 or disclosure laws, with the following effective dates:

California: Pending Illinois: Pending Indiana: Pending Pending Maryland: Michigan: Pending Minnesota: Pending New York: Pending Virginia: Pending Washington: Pending Wisconsin: Pending

In all other states not listed above, the effective date of this Franchise Disclosure Document is the issuance date of October 15, 2013. October 6, 2014.

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