

FRANCHISE DISCLOSURE DOCUMENT

PM Franchising LLC

A Utah limited liability company

92 East Main Street Suite 301

Somerville, NJ 08876

844-PATCHMA

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www.PatchMaster.com



We grant the right to operate a PatchMaster® franchise. The PatchMaster franchise offers wall surface repair and related services to residential and commercial customers (the “Franchised Business”).

The total investment necessary to begin operations of a PatchMaster franchise ranges from \$27,950 - \$49,800. This amount includes an initial franchisee fee of \$19,500 that must be paid to the Franchisor. This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or an affiliate in connection with the proposed franchise sale or grant. **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, Marge Hall, 92 East Main Street Suite 301 Somerville, NJ 08876, (732) 823-4216.

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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency listed on **Exhibit G** 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 ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS MAY 28, 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 G** 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 CONTAINS A MANDATORY MEDIATION PROVIDING GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE MEDIATION, AND ANY LITIGATION, CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN THE APPLICABLE STATE OR FEDERAL DISTRICT COURT WHERE ONE OF OUR PLACES OF BUSINESS IS LOCATED (CURRENTLY, NEW JERSEY) AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF NEW JERSEY GOVERN THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS OTHER LAW. ALTHOUGH THE GOVERNING LAW MAY PROVIDE THAT ANY PROVISIONS OF THE FRANCHISE AGREEMENT DESIGNATING JURISDICTION OUTSIDE OF THE STATE ARE VOID. LOCAL LAW MAY SUPERSEDE CERTAIN FRANCHISE AGREEMENT PROVISIONS. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
4. IF YOUR FRANCHISE FAILS, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOME, COULD BE LOST IF:
 - YOU LIVE IN A COMMUNITY PROPERTY STATE, OR
 - YOU LIVE IN ANOTHER STATE, AND YOUR SPOUSE MUST SIGN A DOCUMENT SUCH AS A GUARANTEE THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may offer financial incentives to existing franchisees, our officers and directors or other third parties as referral sources that assist us in selling our franchise. We pay this person a fee for referring you to us. They do not represent you. You should be sure to do your own investigation of the franchise.

Registration States Effective Dates: See following page.

STATE EFFECTIVE DATES

This franchise disclosure document is registered, on file or exempt from registration in the following state having franchise registration and disclosure laws, with the following effective date:

| <u>State</u> | <u>Effective Date</u> |
|---------------|-----------------------|
| FTC: | May 28, 2019 |
| California: | |
| Hawaii: | |
| Illinois: | |
| Indiana: | |
| Maryland: | |
| Michigan: | |
| Minnesota: | |
| New York: | |
| North Dakota: | |
| Rhode Island: | |
| South Dakota: | |
| Virginia: | |
| Washington: | |
| Wisconsin: | |

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