

FRANCHISE DISCLOSURE DOCUMENT

U GOT STINK FRANCHISING, LLC 23804 NE Rock Creek Canyon Rd., Battle Ground, Washington 98604 PO Box 187, Brush Prairie, Washington 98606 Phone: (855) GOT-STNK Email: cliftonroberts@ugotstink.com www.ugotstink.com



We offer franchises to qualified individuals and entities to operate U Got Stink franchises under the "U Got Stink?" service marks, trade names, programs, and systems. We authorize our franchisees to promote, advertise, sell, and provide quality odor removal products and services to the public using our distinctive business formats, systems, methods, procedures, designs, layouts, standards and specifications (the "Method of Operation").

The total investment necessary to begin operation of a standard U Got Stink franchise ranges from \$17,550 to \$67,250. This includes \$2,000 to \$15,000 that must be paid to the franchisor or its affiliate. The Initial Franchise Fee is reduced by 10% for your second or any additional franchise.

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 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 President, Clifton Roberts, PO Box 187, Brush Prairie, Washington 98606, (855) GOT-STNK.

The terms of your contract will govern your franchise relationship. Do not 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 "*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 (FTC). 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 <u>www.ftc.gov</u> for additional 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 THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT 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 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 TO RENEW.

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

- 1. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES BE SUBMITTED TO MEDIATION AND THEN LITIGATION (IF APPLICABLE) IN WASHINGTON. OUT OF STATE DISPUTE RESOLUTION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN WASHINGTON THAN IN YOUR HOME STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAWS IN YOUR HOME STATE. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. IF YOUR SPOUSE OR ONE OF YOUR OWNERS' SPOUSES HAS ANY PROPERTY INTEREST IN THE FRANCHISE AGREEMENT, YOUR OWNERSHIP OR THE FRANCHISED OPERATION DUE TO A STATE'S COMMUNITY PROPERTY LAWS, WE CAN REQUIRE THAT SPOUSE TO CONSENT TO ALL OF THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT.
- 4. IF YOU FAIL TO ACHIEVE AT LEAST \$5,000 OF AVERAGE MONTHLY GROSS SALES DURING ANY CONSECUTIVE 3-MONTH PERIOD, WE MAY REVOKE OR MODIFY YOUR PROTECTED TERRITORY OR TERMINATE THIS AGREEMENT.
- 5. IF YOU BREACH ANY PROVISION OF THE FRANCHISE AGREEMENT OR THE CONFIDENTIAL OPERATIONS MANUAL, FAIL TO COMPLY WITH OUR STANDARDS AND SPECIFICATIONS, OR USE UNAUTHORIZED PRODUCTS, SUPPLIERS, OR VENDORS, WE SHALL HAVE THE RIGHT TO CHARGE YOU A CURE FEE. THE CURE FEE IS \$500 FOR THE FIRST BREACH, \$1,000 FOR THE SECOND BREACH, AND \$1,500 FOR THE THIRD AND ANY SUBSEQUENT BREACH.
- 6. YOU WILL NOT RECEIVE AN *EXCLUSIVE* TERRITORY AND MAY FACE COMPETITION FROM US AND OTHER FRANCHISEES. HOWEVER, AS INDICATED IN THE DISCLOSURE DOCUMENT, WE WILL NOT PLACE OR AUTHORIZE ANYONE ELSE TO PLACE A U GOT STINK FRANCHISE WITHIN YOUR "*PROTECTED* TERRITORY".
- 7. WE COLLECT PAYMENTS FROM YOUR CUSTOMERS AND THEN PAY 75% OF IT TO YOU IN THE FORM OF A COMMISSION.



8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 represents us, 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.

Effective date: [see following page]

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