

FRANCHISE DISCLOSURE DOCUMENT



USA Insulation Franchise Corporation
An Ohio Corporation
17700 Saint Clair Avenue
Cleveland, Ohio 44110
Phone: (440) 951-6800; Fax: (440) 951-6800
www.usainsulation.net

The franchisee will operate a USA INSULATION business that (i) offers and sells an array of insulation products, including without limitation, proprietary injection foam, polyurethane spray foam insulation, blown fiberglass insulation, rolled/batten fiberglass insulation and other energy efficient products and items that we authorize now or at any time in the future, and (ii) evaluates a customer's insulation needs and subsequently installs one (1) or more of the foregoing Approved Products at that customer's home, utilizing certain proprietary marks and a proprietary operating system that we and our affiliates/principals have developed.

The total investment necessary to begin operation of a USA Insulation franchise ranges from \$149,750 to \$270,000. This includes approximately \$70,000 to \$100,000 in fees that must be paid to the franchisor or its affiliates prior to opening.

We may, in our discretion, also offer qualified individuals the right to open and operate multiple USA Insulation franchises within a designated development area and in accordance with a development schedule. The total investment necessary to commence operations will vary based on the number of USA Insulation franchises we grant you the right to open and operate. The total initial investment necessary to operate three (3) franchises ranges from \$219,750 to \$340,000. This includes a development fee amounting to \$120,000 that must be paid to the franchisor when signing our form of development agreement, as well as the total initial investment to open and commence operations of your initial USA Insulation franchise within your development area.

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 disclosure document, the franchise agreement or any other related 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 corporate office at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, or via telephone at (440) 951-6800.

The terms of your franchise agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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 (the "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 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 Issue Date of this Franchise Disclosure Document (“FDD” or “Disclosure Document”) is March 29, 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 E 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND/OR LITIGATION ONLY IN OHIO. OUT-OF-STATE MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR MEDIATE IN OHIO THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE 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. AFTER YOUR FRANCHISED BUSINESS HAS BEEN OPEN FOR A PERIOD OF SIX (6) MONTHS, YOU MUST MEET CERTAIN MINIMUM PRODUCTIVITY LEVELS IF YOU WISH TO MAINTAIN YOUR PROTECTED TERRITORY.
4. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH INDIVIDUAL OWNING AN INTEREST IN THE FRANCHISEE ENTITY MUST EXECUTE A PERSONAL GUARANTY, WHICH PLACES THE PERSONAL ASSETS OF EACH FRANCHISE OWNER AT RISK.
5. YOU MUST MAKE MINIMUM ROYALTY OR ADVERTISING PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
6. 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 is our agent and 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.

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