

1-800 WATER DAMAGE International, LLC
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Name of Fee	Amount	Due Date	Remarks
			third party vendor, plus up to a 15% administration fee.
Software Fee	Our then-current fee, which is presently \$399	This fee is due by automatic debit each month by the 10 th (or another day we may designate)	Software, software upgrades, and updates necessary to operate the Business. This fee may be modified during the Term of the Franchise Agreement. Such increases will vary but will be based on the actual cost charged by any third party vendor, plus up to a 15% administration fee.
Brand Marketing Fund Contributions	2% of Gross Sales	This fee is due by automatic debit each month by the 10 th (or another day we may designate) for Gross Sales generated during the preceding month.	Your contribution to our Brand Marketing Fund for the common benefit of System franchisees.
<u>Referral Fee</u>	<u>Approximately 0% to 10% of the invoice amount</u>	<u>Upon invoice</u>	<u>See Note 8.</u>
Late Report Fee	\$50 per day that a report is late	Due by automatic debit the Friday (or another day we may designate) after the report is late	Due for each day a report is late. We may increase this fee by up to 10% per year of the Term.
Late Payment Fee	\$50 per week	Due by automatic debit on the Friday (or another day we may designate) following the due date for each late payment	Due for any payment that is not paid when due. We may increase this fee by up to 10% per year of the Term.
Non-Sufficient Funds (NSF) Fee	Our then current fee, which is presently \$50 per NSF	Due by automatic debit the Friday (or another day we may designate) after the NSF occurs	Due if and when we debit your account for monies owed and there are insufficient funds available. We may increase this fee by up to 10% per year of the Term.

Name of Fee	Amount	Due Date	Remarks
			increase this fee by up to 10% each year of the Term.
Convention Non-Attendance Fee	Our then-current fee, which is presently \$1,000	Due to us if you fail to attend the Convention and did not receive our prior written permission.	See Note 5. We may increase this fee by up to 10% each year of the Term.
Collection Fee	35% of gross amounts collected on your behalf	As incurred	Due when we collect payment on your behalf for customers who are delinquent in their payment of 90 days or more.
Interest	Lesser of 18% per annum or the maximum permitted by law, whichever is less	Due by automatic debit each Friday (or another day we may designate)	Due on all overdue amounts from the date the amounts were originally due.
Audit Fee	Cost of audit plus 10% of the total amount of understated Gross Sales.	As invoiced	See Note 6.
Insurance	Cost of insurance; if you fail to maintain insurance as required, we have the right to procure insurance on your behalf and you must pay us on demand the costs and premiums we incur.	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8.
Indemnification	Actual Costs	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your Business' operation.
Attorneys' Fees	Actual attorneys' fees and costs incurred.	As incurred	
Additional Training	Our then current fee, which is presently \$50 per person, per day.	As incurred	See Note 7. We may increase this fee by up to 10% each year of the Term.

Notes:

The preceding table describes other reoccurring or isolated fees or payments that must be paid to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part. All fees, unless otherwise specified, are uniformly imposed and collected by and payable to us and are non-refundable.

4. 1. For purposes of paying the Royalty, we follow the calendar month. You will pay the Royalty percentages of your Gross Sales, as follows: 10% of all Gross Sales, up to \$499,999.99

You are responsible for training any additional or replacement Service Technicians. (Section 3.A of the Franchise Agreement).

8. It is customary in the industry that restoration businesses will pay referral fees to other businesses, insurance companies, TPAs, and other referral sources when those businesses provide referrals to your 1-800 Water Damage Business. Whether to pay referral fees to referring businesses is optional and agreed to by you and the referring business. Our affiliate business, BELFOR, may, but is not obligated to provide referrals fees to you. Depending on the market, BELFOR, as well as other referring businesses in the industry, may charge referral fees for referring jobs. Whether to accept or reject leads from referral sources that charge referral fees is up to and in your discretion, and you are not required to accept such referrals.

7.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Standard Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee per Territory (Note 1)	\$59,000	\$59,000	Lump sum	On signing your Franchise agreement	Us
Initial Package Fee/Marketing and Operations Package/Equipment and Products Package Fee (Note 2)	\$60,000	\$60,000	Lump sum	On signing your Franchise Agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while at training, not including the cost of transportation (Note 3)	\$1,800	\$2,500	Lump sum	As incurred	Third Parties
Vehicle with upfitting (Note 4)	\$74,900	\$115,000	Lump sum or monthly payments.	As incurred	Third Parties
Full time Service Technician (Note 5)	\$6,336	\$16,896	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 6)	\$0	\$150	Lump sum	As incurred	Third Parties

operation of the Business. Given the emergency nature of the services provided by the Business, you must be available 24 hours a day, seven days a week to respond to service requests.

During the term of the Agreement, you and your immediate family may not engage in any other business or activity and cannot have an interest in or business relationship with any competitor of 1-800 WATER DAMAGE. Additionally, if you are a corporation, limited liability company, partnership, or other entity, each of your owners, owner's spouses, members and member's spouses, or officers must personally guaranty your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete.

At the start of their employment, you must require, as consideration for employment, each of your Service Technicians, sales and/or account management employees to sign non-disclosure and confidentiality agreements. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the 1-800 WATER DAMAGE Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the 1-800 WATER DAMAGE Business. We may require you to send us a copy of such agreements once fully signed.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and provide all of the services that we periodically require for 1-800 WATER DAMAGE Businesses in the manner we prescribe. You may not market or perform any services that we have not authorized, without our express prior written approval. Our System Standards may regulate required or authorized services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

	Provisions	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 1.B	10 years.
b.	Renewal or extension of the term	Section 11.A	One additional renewal term of 10 years.
c.	Requirements for franchisee	Section 11	In order to renew (which means renewing your franchise relationship with us by signing a new franchise agreement which may contain materially different terms and conditions than your first franchise agreement), you

	Provisions	Section in Franchise Agreement	Summary
	to renew or extend		must: (i) be in compliance with your Franchise Agreement; (ii) not have made certain repeated defaults of your Franchise Agreement; (iii) provide us with notice of your intent to renew within the required time; (iv) sign our then-current franchise agreement, which may contain materially different terms than your original franchise agreement; (v) upgrade and remodel the 1-800 WATER DAMAGE Business, as necessary; (vi) sign a general release (such requirement to sign a general release is subject to change in our sole discretion); and (vii) pay us a renewal fee. <u>“Renewal” means renewing your franchise relationship with us by signing a new franchise agreement which may contain materially different terms and conditions than your first franchise agreement.</u>
d.	Termination by franchisee	Not Applicable	Not Applicable. You are permitted to terminate the Franchise Agreement under any grounds permitted by law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with cause.	Section 12.B	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined – curable defaults	Section 12.C	We may terminate the Franchise Agreement after providing you with notice and a 15-day cure period if you: (i) fail to pay any amounts due to us, or you do not record funds paid to you for jobs completed as required or you default on any loan made to you by us or our preferred lender for the purchase of the Territory; (ii) fail to employ for 2 consecutive months a Service Technician or a Designated Manager; (iii) fail to comply with any applicable law, regulation or ordinance; (iv) fail to comply with the Franchise Agreement, the intranet website, Manuals and/or other confidential materials; (v) fail to comply with modifications to the System standards, intranet website, or Manuals; (vi) fail to make payments on the vehicle resulting in repossession; (vii) use products or materials that do not meet our System standards; (viii) fail to provide any required report, statement, or return; (ix) fail to service all customers in a manner consistent with our System standards; (x) service a customer in another Territory without permission; (xi) fail to endorse any payments due to us that is erroneously made to you; (xii) fail to maintain the hours of operation at the Business; (xiii) fail to personally supervise day-to-day operation or fail to employ a sufficient personnel; (xiv) fail to maintain the strict quality controls; (xv) conduct yourself in a manner that reflects adversely on the System, the Marks, or the products; or (xvi) fail to procure or maintain any required licenses, certifications, or permits.
h.	“Cause” defined – non-curable defaults	Section 12.A & B	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; (ii) proceedings are commenced to have you adjudicated

	Provisions	Section in Franchise Agreement	Summary
w.	Choice of law	Section 15.H	Except federal law, Michigan law applies (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise. You have no right to use the name of any public figure for promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

For purposes of this Item 19, January 1, 2024~~3~~ through December 31, 2024~~3~~, will be referred to as the “Measurement Period.” As of December 31, 2024, there were 99 franchisees operating in 175 Territories. This Item sets forth historical Gross Sales information and other financial metrics listed below for 86 Franchisees (operating 157 Franchised Businesses) who were open and operating during the entire Measurement Period (the “Reported Franchisees”). Excluded from this Item 19 are 13 franchisees (operating 18 Franchised Businesses) who were not open for the entire Measurement Period. Of the 13 franchisees excluded, 10 franchisees (operating 14 Franchised Businesses) were new franchisees who were not open and operating the full Measurement Period, and 3 franchisees (operating 4 Franchised Businesses) that had ceased operating their Franchised Businesses on a full-time basis during the Measurement Period. Of the Reported Franchisees, 52 operated in a single Territory and 34 operated in more than one territory.

The charts below present average annual Gross Sales and median annual Gross Sales during the Measurement Period for the Reported Franchisees that operated in a single Territory as well as those that operated in multiple Territories. The sales information presented in this Item was provided by the Reported Franchisees through monthly Gross Sales reports submitted by them. We have not audited the data.

Table 1: Average Annual Gross Sales Reported Franchisees

The table below sets forth the average annual Gross Sales during the Measurement Period as reported by the 86 Reported Franchisees. We have divided them into quartiles, showing the top 25% highest-performing franchisees (“Top 25% Franchisees”), the top 50%-highest performing franchisees (“Top 50% Franchisees”), the top 75% highest-performing franchisees (“Top 75% Franchisees”), the bottom 25% lowest-performing franchisees (“Bottom 25% Franchisees”), the bottom 50% of lowest-performing franchisees (“Bottom 50% Franchisees”) and the bottom 75% lowest-performing franchisees (“Bottom 75% Franchisees”).

Column 1 State	Column 2 Franchise/Franchise Operator Agreements Signed but Outlet Not Opened	Column 3 *Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Tennessee	0	2	0
Texas	0	0	0
TOTALS	4	2 5	0

Exhibit F to this Disclosure Document includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2024. The franchisees are identified as either a Traditional Franchisee or a Managing Operator.

Exhibit G to this Disclosure Document includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement between January 1, 2024 and December 31, 2024 or who has not communicated with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit H-1 lists, to the extent known, the names, addresses, telephone numbers, email addresses and web addresses of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. Exhibit H-2 lists the independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B contains the audited consolidated financial statements of our affiliate, BFG Holdco, which guarantees our obligations to you, as of December 31, 2024, December 31, 2023, and December 31, 2022.

ITEM 22: CONTRACTS

The following contracts are exhibits within this Disclosure Document:

Exhibit A: Form of Agreements:

- A-1 Franchise Agreement
- A-2 Promissory Note
- A-3 Confidentiality / Non-Disclosure Agreement

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN HAWAII

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will be added to ~~section 2.A. and 2.B. of~~ the Franchise Agreement:

“No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

~~0. FEES AND OTHER MONETARY REQUIREMENTS.~~

~~Based upon our financial statements, the payment of the Initial Franchise Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.~~

~~2. The following is added to the page of Franchisor’s FDD entitled “Special Risks to Consider About This Franchise”:~~

~~Negative Equity.~~ ~~According to Franchisor’s most recent audited financial statements, Franchisor has negative equity, meaning its liabilities outweigh its assets.~~

~~The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.~~

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

Exhibit F-2

IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

Agreements/Releases. The following language is added to Section 11.C.:

Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

 —**19.** The following text from Section 17 of the Franchise Agreement shall be removed:

 We have not made any representation as to the past or future sales, volume or potential profitability, earnings or income of the 1-800 WATER DAMAGE Business, or any other 1-800 WATER DAMAGE Business, other than the information provided in our franchise disclosure document.

 You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the 1-800 WATER DAMAGE franchise opportunity and the terms and provisions of this Agreement by contacting any and all of our franchise owners and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

 Like any other business, the nature of the business conducted by 1-800 WATER DAMAGE Businesses may, and probably will, evolve over time.

 Your abilities and efforts are vital to the success of the 1-800 WATER DAMAGE Business.

 Continually securing new Customers is necessary to the 1-800 WATER DAMAGE Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

 All information that you have set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information.

 20. The following text from Section 18 of the Franchise Agreement shall be removed:

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER

UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

21. A surety bond in the amount of \$100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

By: _____ By: _____

Exhibit G-2

EXHIBIT B

TO FRANCHISE DISCLOSURE DOCUMENT

CONSOLIDATED FINANCIAL STATEMENTS

EXHIBIT C
TO THE FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS

State	State Administrator
CALIFORNIA	Commissioner of Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State Securities Division Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Attorney General Division of Securities, Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Department of Commerce Commissioner of Commerce <u>85 7th Place East, Suite 280, Saint Paul, MN 55101,</u> (651) 539-1600 85 7th Place East, Suite 280 St. Paul, MN 55101 651.296.4026

EXHIBIT D

TO FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

State	Agent for Service of Process
CALIFORNIA	California Commissioner of Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Commissioner of Commerce <u>Minnesota Department of Commerce,</u> <u>85 7th Place East, Suite 280, Saint Paul,</u> <u>MN 55101, (651) 539-1600</u> 85 7th Place East, Suite 280 St. Paul, MN 55101 651.296.4026
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231

ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII

The following is added to the Cover Page of this Disclosure Document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

~~1. Notwithstanding anything contained in the Franchise Agreement to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and your first Franchised Business is open. Once we complete this obligation and you are open, you must immediately pay us all initial fees we deferred.~~

~~2.~~ In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E-, *et. seq.*, the Franchise Disclosure Document of 1-800 WATER DAMAGE INTERNATIONAL, LLC, in connection with the offer and sale of franchises for use in the State of Hawaii, shall be amended to include the following:

- a. The following list is hereby added to the end of Item 20 of the Disclosure Document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:
 - i. The states in which a registration is effective, in which we are relying on an exception, or where an offering has been filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
 - ii. The states in which a proposed registration of filing is or will be shortly on file: None
 - iii. The states, if any, which have refused, by order or otherwise, to register these franchises: None.
 - iv. The states, if any, which have revoked or suspended the right to offer these franchises: None

- v. The states, if any, in which proposed registration of these franchises has been withdrawn: None

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~Based upon our financial statements, the payment of the Initial Franchise Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.~~

ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

Item 13 “Trademarks, Service Marks, Trade Names Logotypes and Commercial Symbols,” is amended by the addition of the following:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Item 17 “Renewal, Termination, Transfer, and Dispute Resolution,” is amended by the addition of the following paragraphs:

1. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.
2. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.
3. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.
4. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum, or remedies that the laws of jurisdiction provide.
5. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the Disclosure Document.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action

**EXHIBIT I
TO THE FRANCHISE AGREEMENT**

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO
INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATES OF
CALIFORNIA, HAWAII, MARYLAND, AND WASHINGTON: DO NOT COMPLETE
THIS QUESTIONNAIRE OR RESPOND TO ANY OF THE QUESTIONS
CONTAINED
IN THIS QUESTIONNAIRE.**