

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California or Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California or Texas than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments**. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Turnover Rate**. "During the last 3 years, a large number of franchised outlets (95), which is a high percentage of franchised outlets (more than 48.47%) were terminated, not renewed, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate."

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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STATE SPECIFIC ADDENDA

voting power on any fees imposed by cooperatives.

2. You must pay us a blended rate Royalty calculated each month equal to:

Monthly Royalty	Bank Deposits for YTD
8.0%	0 - \$350,000
7.0%	\$350,000.01 - \$750,000
6.0%	\$750,000.01 - \$1,000,000
5.0%	\$1,000,001 and above
2.0%	Non-Core Subcontracted Services*

*Non-Core Subcontracted Services are services other than Restoration and Remediation Services (as defined in Item 1) that are performed by others you subcontract based on a traditional overhead and profit markup, for example, reconstruction services. Documentation we specify must be provided to us upon request.

Bank deposits include the total of your deposits for each separate franchised territory you own and include deposits from sales in Gray Areas and other franchisees' territories (such as permitted under the franchise agreement when responding to natural disasters). If you have more than one franchise agreement with this Royalty schedule, deposits are averaged across all of your territories for purposes of this calculation. For example, if you have two territories, the bank deposits for both of your territories are added together and divided by two to arrive at the average deposits for each territory.

You must pay us the greater of: (a) the monthly Royalty as calculated above or (b) \$500 per month for the first year and \$1,000 per month thereafter for each of your territories.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$5,000	Lump sum or financed through us	When you sign the franchise agreement.	Us
Initial Territory Fee ²	\$40,000	Lump sum or partially financed through us	When you sign the franchise agreement	Us
Travel and Living Expenses While Training ³	\$1,000 - \$1,500 per person	As incurred	During training	Restaurants and other third parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
In-Person Training for Additional Personnel (\$150 per person per day) ⁴	\$0 - \$1,500	Lump sum	On week before training begins	Us
Supplies, Equipment and Inventory Package ⁵	\$39,900	Lump sum or financed	Prior to start of training	Us
Vehicle ⁶	\$0 - \$49,000	As arranged	Prior to start of training	Vendor
Real Estate Rent and Security Deposits ⁷	\$1,000 - \$5,000	Lump sum	At the signing of lease	Landlord
Technology Systems Package ⁸	\$0 - \$3,000	As Incurred	Prior to start of training	Vendors
Office Equipment, Furniture and Supplies ⁹	\$400 - \$1,000	As Incurred	As Incurred	Vendors
Credit Card Processing Technology	\$30 - \$500	Lease, finance or lump sum	Upon opening	Vendor
Auto Insurance ¹⁰	\$1,800 - \$3,500	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability, Contractor's Environmental Liability, Professional Liability, Contractor's Equipment, Employment Practices, Workers' Compensation, Property Insurance ¹⁰	\$3,000 - \$4,000	Lump sum or monthly installments	Before opening	Insurance company or broker
Contractor's License and Bonds ¹¹	\$0 - \$1,500	Lump sum	As required by applicable law	Bonding or insurance company, Government agencies
Licenses and Certifications ¹²	\$1,000 - \$3,000	As incurred	As incurred	Government agencies, and/or vendors
Professional Fees	\$750 - \$2,000	As incurred	As incurred	Attorney, accountant and business

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
				advisor
Initial Marketing	\$8,000 - \$12,000	As incurred	As incurred	Vendors
Additional Funds – Before Opening and First 3 months ¹³	\$15,000 - \$25,000	As incurred	As incurred	Various
TOTAL¹⁴	\$116,880 - \$197,400			

None of the fees or payments you make to us are refundable. Whether payments to others are refundable depends upon the arrangements you make with them. Except as disclosed in Item 10, we do not offer direct or indirect financing for any of the above items. The above table assumes that you operate your Franchised Business from a leased commercial office/warehouse, which is approximately 1,000 to 1,500 square feet. ~~Actual costs will vary by location depending on a number of factors, including market conditions and the geographic location of your Franchised Business.~~

1. Payable only with your first franchise agreement. The Initial Franchise Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.
2. If you are buying your Territory from us rather than from an existing franchisee, when you sign a franchise agreement you must pay us either: (a) an Initial Territory Fee of \$40,000; or (b) an Additional Territory Fee of \$40,000; or (c) if you are buying your first two Territories simultaneously, an Initial Territory Fee of \$40,000 and a discounted Additional Territory Fee of \$32,000, for a total of \$72,000. If you buy a second Territory at a later time, the Additional Territory Fee will be the same as the then- current Additional Territory Fee. The Initial Territory Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.
3. There is no charge for the initial training program for the franchisee and up to one employee of the Franchised Business. The training program is described in Item 11. Our estimate is for transportation, meals and lodging in excess of \$1,000 while attending the training. We provide you with a travel voucher of \$1,000 to attend initial training.
4. Subject to space availability, we will allow additional people associated with you to attend Academy training at your request. We do not charge for the Academy training for you or your manager and one other attendee, but may charge a training fee of up to \$150 per day for additional trainees. The high estimate assumes one additional attendee.
5. We will provide you with your Supplies, Equipment and Inventory Package, but we strongly recommend and expect that you obtain leasing or financing for this Package from a third party. We do not provide any financing in connection with this Package, nor do we have a designated or approved financing provider. The Supplies, Equipment and Inventory package will include items such as dehumidifiers, air movers, air scrubbers, negative air machines, and other equipment and supplies related to the operation of your franchise. Your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease or finance options you select. Tax and freight charges associated with delivery of the Package may vary.
6. This is a commercial vehicle, typically a work van, that is upfitted to our system standards and specifications for operation in connection with the AdvantaClean Business. Our low estimate assumes

you lease the vehicle with a \$0 down lease. Our high estimate assumes you will pay for your Vehicle in cash, which will cost approximately \$49,000. If you choose to lease or finance the purchase of your Vehicle, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease options you select. You should not purchase your Vehicle for cash unless you will still have at least that same amount available as additional working capital to operate your business. From time to time your affiliation with HFC may allow for discounts on your Vehicle and our recommendation is to check with your Regional Operations Manager before purchasing or leasing.

7. You will need an office/warehouse location by the first anniversary of your Operating Date with sufficient space, initially between 1,000 and 1,500 square feet. Rent may vary depending on location, size, length of lease and general market conditions. Lease security deposits will vary depending upon a number of different factors, such as occupancy rate, length of lease, personal vs. corporate signature, and your personal financial history. Our high and low estimates represent three months' rent of commercial space between 1,500 and 2,000 square feet. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.
8. You must purchase the Technology System comprised of the computer hardware and software we designate for use in connection with your Franchised Business prior to commencing operations. You must purchase the components of the Technology System from third-party suppliers. The Technology System includes: (i) a business-class laptop computer with performance capabilities sufficient to run all of the software required to operate your Franchised Business; (ii) a laser printer meeting our standards and specifications; (iii) most current versions of QuickBooks online, Microsoft Office and antivirus software; (iv) one tablet with internet access and a smartphone. See Item 8 for additional information on our computer hardware and software requirements. Our low estimate assumes that you already have the required Technology System, and the high estimate assumes you will need to purchase all of the components. We expect that you will obtain financing or leasing from a third party. Franchisee can acquire leasing on their own for said package. See Item 11 of this disclosure document for additional information.
9. You are required to establish a functional office with a desk, file cabinet, chairs, miscellaneous office supplies, etc. We estimate that your office equipment, furniture and supplies will cost between \$400 and \$1,000, depending on what items you already have that are available for use.
10. See Item 8 for insurance requirements.
11. Only required in states that require a contractor's license. You should ensure you can meet the experience requirement to obtain a contractor's license if one is required in your state. If not, you will need to hire or contract with someone who does.
12. You must acquire a general business license, any specialty licenses required by your state or federal agency, and any third-party certifications required by us. You should ensure you can meet the experience requirement to obtain any specialty licenses. If not, you will need to hire or contract with someone who does.
14. This category estimates an additional cash reserve available to cover initial operating expenses during the first three months of operation. The amount of additional funds that you may need varies based on a variety of factors, including whether you choose to have an office outside your home, the number of employees you choose to hire and the salary and other benefits you choose to pay, gasoline purchases and vehicle maintenance expenses, ~~the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales~~

~~levels that you reach during the initial 3 month period.~~ We have based this estimate on the experience of our United States franchisees. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to contact our existing franchisees to evaluate this on your own.

15. These estimates are based on our experience in offering and selling franchises since 2006, as well as the experience of our existing franchisees and estimates we have received from third-party vendors.

VEHICLE TYPE	% FRANCHISEES
Pickup Truck	34
Box Truck	20
Van	28
Other	18

H. Repeat and Referral Business

We asked our franchisees what percentage of their business came from repeat or referral business. The average of all responses was 57%.

I. National Accounts Business

We asked our franchisees if they had received at least one project through the National Accounts program. 62% responded yes.

Some franchisees have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

We will make written substantiation for these Financial Performance Representations available to you on your reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Steve Willis at AdvantaClean Systems, LLC, c/o Home Franchise Concepts, LLC, at 19000 MacArthur Blvd., Suite 100, Irvine California 92612, telephone (949) 404-1100, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**ITEM 20. TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	196	174	-22
	2022	174	142	-32

**ITEM 20. TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Illinois	0	1	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	2	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
Washington, DC	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Total	0	6	0

Attached to this disclosure document as Exhibit C is a list of all current franchisees as of January 5, 2024, with the address and telephone number of each of their businesses.

Attached to this disclosure document as Exhibit D is the name, last known city and state, and telephone number of each franchisee whose franchise has, during the most recently completed fiscal year, been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business or who has not communicated with us within ten weeks of the issuance date of this disclosure document. Exhibit D lists 26 terminated franchises and 0 transferred franchises.

There is no trademark-specific franchisee organization associated with the franchise system being offered in this disclosure document.

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

In some instances, current and former franchisees will sign provisions restricting their ability to speak openly about their experience with the AdvantaClean System. You may wish to speak to current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, some franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with our System. There are no trademark-specific organizations formed by our franchisees that are associated with our System.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B to this Disclosure Document are our audited financial statements as of and for the fiscal years ending December 31, 2023, December 31, 2022 and December 31, 2021.

Illinois law governs the ~~Agreements~~[franchise agreement](#).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Maryland

Item 5 of the Franchise Disclosure Document is hereby supplemented with the following:

Based on the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Amendments to Item 17 of the disclosure document:

Item 17m (Transfer) is amended to add the following statement:

The general release required as a condition of transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17v (Choice of Forum) is amended to state: "None for equitable/injunctive relief and South Dakota for arbitration/mediation proceedings" under the heading "Summary".

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise. The release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise Law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the franchise is granted.

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STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

SCHEDULES TO FRANCHISE AGREEMENT:

1. Personal Guaranty
2. Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers and Domain Names
3. Electronic Funds Withdrawal Authorization
4. Site Selection Addendum

Terminated (I), Ceased Operation (H) and Non-Renewed (K) Franchises
 (see Status column)

Total in State	Status	Company	End Date	Owner	City	State	Zip	Phone
	Colorado							
1	K - Non-Renewal	AdvantaClean of East Denver	8/18/2023	Varners Restoration, Inc.	Aurora	Colorado	80014	(720) 907-0708
	Connecticut							
	H - Mutual Release	AdvantaClean of Kensington	2/1/2023	CT Health and Recover Corp.	Hartford	Connecticut	06108	(860) 730-3310
2	H - Mutual Release	AdvantaClean of West Hartford	2/1/2023	CT Health and Recover Corp.	Hartford	Connecticut	06108	(860) 730-3310
	Florida							
	K - Non-Renewal	AdvantaClean of Seminole	9/1/2023	Jim Dundon Inspection Services, LLC	Deland	Florida	32724	(407) 478-9997
2	K - Non-Renewal	AdvantaClean of Winter Park	7/19/2023	Crescent Holding, LLC	Orlando	Florida	32839	(407) 839-0088
	Illinois							
1	H - Mutual Release	Advantaclean of Alton	8/17/2023	Specialty Cleaning Services LLC	Maryville	Illinois	62062	(618) 614-5779
	Maryland							
1	I - Termination	AdvantaClean of Bowie	5/31/2023	ABD Enterprise, LLC	Upper Marlboro	Maryland	20774	(301) 476-1887
	Missouri							
	I - Termination - Hold	AdvantaClean of Florissant	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(636) 614-0995
	I - Termination - Hold	AdvantaClean of O'Fallon	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(636) 614-0995
	I - Termination - Hold	AdvantaClean of Kirkwood	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(314) 256-9199
	I - Termination - Hold	AdvantaClean of Chesterfield	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(314) 256-9199
	H - Mutual Release	Advantaclean of South St. Louis	8/17/2023	Specialty Cleaning Services LLC	Maryville	Missouri	62062	(618) 614-5779
6	H - Mutual Release	Advantaclean of East St. Louis	8/17/2023	Specialty Cleaning Services LLC	Maryville	Missouri	62062	(618) 614-5779
	Ohio							
	H - Mutual Release	AdvantaClean of Columbus Southeast	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
	H - Mutual Release	AdvantaClean of Johnstown	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
3	H - Mutual Release	AdvantaClean of Columbus Northeast	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
	Oklahoma							
	I - Termination	AdvantaClean of Oklahoma City North	7/11/2023	JDG Environmental, LLC	Oklahoma City	Oklahoma	73116	(405) 217-3022
2	I - Termination	AdvantaClean of Oklahoma City South	7/11/2023	JDG Environmental, LLC	Oklahoma City	Oklahoma	73116	(405) 217-3022
	South Carolina							
	I - Termination	AdvantaClean of Spartanburg-Lancaster	7/11/2023	Edmondson Enterprises, LLC	Lancaster	South Carolina	29720	(803) 597-2022
	I - Termination	AdvantaClean of West Columbia	7/11/2023	Edmondson Enterprises, LLC	Lancaster	South Carolina	29720	(828) 333-5000
	I - Termination	AdvantaClean of Charleston	4/21/2023	MJC Coastal Enterprises	Summerville	South Carolina	29485	(843) 577-5994
4	I - Termination	AdvantaClean of N. Charleston	4/21/2023	MJC Coastal Enterprises	Summerville	South Carolina	29485	(843) 577-5994
	Texas							
1	I - Termination	AdvantaClean of San Antonio	3/8/2023	The Underdogs Unlimited, LLC	San Antonio	Texas	78238	(210) 745-3130