

Conversion Franchisees (as defined in Item 5) are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

1.2 The Franchisor, Parents, and Predecessor

The franchisor is 1-800 WATER DAMAGE International, LLC. Our principal business address is 5405 Data Court, Ann Arbor, MI 48108. To simplify the language in this Disclosure Document, “we,” “us,” “our,” “Company”, and “WATER DAMAGE” means 1-800 WATER DAMAGE International, LLC. “You” or “your” means the person to whom a franchise is awarded.

If the 1-800 WATER DAMAGE Business is awarded to a legal or business entity, “you” or “your” means the legal or business entity and the owners of the legal or business entity.

We were formed [and began offering franchises](#) on April 16, 2015, as a Delaware Limited Liability Company, and we do business under the name “1-800 WATER DAMAGE.” We do not do business under any other name and have not offered franchises in any other line of business. We have never operated a business offered under this Disclosure Document. We have no other business activities except franchising. Our agent authorized to receive service of process is listed in Exhibit D of this Disclosure Document.

Our parent is BELFOR Franchise Group, LLC (f/k/a “DUCTZ Holdings, LLC”) a Michigan Limited Liability Company formed on July 3, 2007 (“BFG”), which has a principal business address of 5405 Data Court, Ann Arbor, MI 48108. BFG is a wholly owned subsidiary of BELFOR (USA) Group, Inc. (“BELFOR”), a Colorado corporation formed on June 9, 1995, and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR is a wholly owned subsidiary of BELFOR Holdings, Inc., a Delaware corporation incorporated on May 24, 2006 and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR offers property and electronic restoration, machinery refurbishment, data and document restoration, mold remediation, emergency and rapid response. As of December 31, 2025, BELFOR owns and operates 154 outlets in the United States and Canada.

BELFOR Holdings, Inc. is fully owned by ASP BF Intermediate Sub, LLC, a Delaware limited liability company formed on December 21, 2018. Its principal business address is 299 Park Avenue, 34th Floor, New York NY 10171. ASP BF Intermediate Sub, LLC purchased BELFOR Holdings, Inc. on April 4, 2019.

Our predecessor is LLB Group, Inc. (f/k/a The Cure Service Group, Inc. (“LLB Group”), a Washington corporation with a principal business address of 1167 Mercer Street, Seattle, Washington 98109. LLB Group offered and sold 1-800 WATER DAMAGE franchises beginning in 2002 through 2013. On May 6, 2015, we purchased certain assets of LLB Group, including the 1-800 WATER DAMAGE marks, business system and existing franchise agreements. As a result, we became the new franchisor of 1-800 WATER DAMAGE franchises and began offering franchises on October 15, 2015. The existing 1-800 WATER DAMAGE franchisees operate under the same marks and offer the same services that you will offer as a 1-800 WATER DAMAGE franchisee.

1.3 Affiliates

BELFOR, or our parent, BFG, also owns the companies that offer franchises in the chart below. The franchising companies have offered franchises since their year of formation, only offer franchises in the line of business in the chart, and have never offered franchises in any other line of business. All of the BFG franchising companies in the chart below have the following principal

As the Territories are generally defined by ZIP codes, we reserve the right not to charge the Additional Fee if we are unable to meet the 350,000 population count without exceeding due to highly populated areas. Each Territory will have a maximum of 500,000 people. The purchase of more than 500,000 in population in the aggregate at any time during the term of the Agreement will require the payment of an additional Initial Franchise Fee.

We provide a 20% discount on the Initial Franchise Fee for one (1) Territory to veterans of the U.S. Armed Forces who have been honorably discharged and meet the requirements of the VetFran Program. This discount may not be used in conjunction with the discount for first responders. We reserve the right to require proof that the applicant qualifies for this discount.

We also offer a \$2,500 discount on the Initial Franchise Fee on the first Territory to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. You may use this discount to purchase one (1) Territory. This discount may not be used in conjunction with the veteran discount. We reserve the right to require proof that the applicant qualifies for this discount.

If you qualify for the VetFran discount, then your Initial Franchise Fee will be reduced by \$11,800, such that your Initial Franchise Fee may be as low as \$47,200. If you also qualify for our financing, as described in detail in Item 10, then you may only pay 50% of the Initial Franchise Fee upon signing the Franchise Agreement, such that the initial payment for your Initial Franchise Fee is equal to \$23,600 (including both the discount and the financing arrangement).

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we will discount the Initial Franchise Fee for the additional Franchise Agreement(s) by \$10,000. The discount is only applicable toward your initial purchase of a Standard Franchise and cannot be combined with any other discount. At this time, we only permit franchisees to purchase up to three (3) Franchise Agreements at one time.

~~Initial fees paid may not be uniform. From time to time, we may vary, reduce, negotiate or make an exception to our standard initial fee structure and/or payment terms related to mergers, conversions or other transactions, for our existing franchisees or franchisees of our Affiliates, and for promotional programs we may offer. For example, we may offer opportunities to purchase a franchise at a reduced initial fee to our affiliates' qualified existing franchisees in good standing. We may discontinue, modify, withdraw or reinstate any such opportunities or variations to initial fees without notice to you at any time. From time to time, we may offer incentives of cash grants, equipment, product, or other items as an inducement to prospective franchisees when business circumstances warrant and in states where such incentives can be offered without restrictions. We reserve the right to change or cancel any offer at any time. In 2025, we charged Initial Franchise Fees ranging from \$19,900 to \$44,900.~~ In the year 2025, we offered a promotional discount of \$10,000 on additional territory purchases. Seven (7) franchisees decided to purchase using the promotion.

5.2. Initial Package Fee

You must also obtain a fixed initial package (“Initial Package”) that will cost \$51,000, plus sales tax (the “Initial Package Fee”). The Initial Package includes the equipment package, software implementation and usage fees, small tools and safety package, digital or other marketing package, our marketing materials, promotional items, logo wear, and a \$850 convention allowance (the “Convention Allowance”) for the 1-800 WATER DAMAGE convention (the “Convention”). The Convention Allowance covers the registration fee for one person to attend the first 1-800 WATER

with non-sufficient funds. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the company, although we reserve the right to request additional security in our sole discretion.

The term of the Note will be up to 36 months, as agreed between you and us. You may prepay the Note without penalty at any time during its term. If you fail to make any payment, we can call the Note and demand immediate payment of the full outstanding balance. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement.

10.2 Additional Information

We provide certain information and assist in facilitating SBA loans including 7(a) and 504 loans.

Other than described above, we will not guarantee any notes, leases or obligation. We and our affiliates have no past practice or future intent of selling, assigning or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future. We and our affiliates do not receive any direct or indirect payments or any other consideration from any person for the placement of financing with the lender; however, we reserve the right to do so in the future.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

11.1 Pre-Opening Obligations

Before you open your Business, we will:

1. Designate the Territory for the Business (Sections 1.B and 1.C, and Summary Page of the Franchise Agreement). We do not provide any assistance with (a) selecting a business site or negotiation of any lease or purchase of any site, (b) conforming the site to local ordinances and codes and obtaining any required permits, or (c) hiring and training employees (other than the required training discussed in Section 3.A of the Franchise Agreement). Your Office must be located within the Territory and must contain a minimum of 1,200 – 1,500 sq. ft. of space and will include office space with a garage to store the vehicle. Provided the Office meets the criteria described in this section, no further approval is required from us. (Section 3.A of the Franchise Agreement).
2. Provide to you an Initial Package that includes the items as listed in Exhibit B of the Franchise Agreement (Section 2.B of the Franchise Agreement). The items in the Initial Package are provided by us and by designated suppliers named by us. [The Initial Package contains equipment, opening inventory, and supplies. We will provide you with a list of approved suppliers for signage, vehicle wraps, and fixtures.](#)
3. Loan to you a copy of our copyrighted Manuals, and other proprietary materials or manuals as we may publish and distribute to you periodically (Section 3 of the Franchise Agreement).

You may not use our confidential information and/or trade secrets in an unauthorized manner and you must take reasonable steps to prevent unauthorized use or disclosure to others. You also agree that you, as well as certain members of your management and your employees must also execute confidentiality and non-disclosure agreements.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must at all times faithfully, honestly, and diligently perform your obligations under the Agreement. You must devote your full time and personal best efforts to the day-to-day 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. [Your Managing Owner and, if applicable, Designated Manager must successfully complete our required training program.](#)

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
			submitted to arbitration in Ann Arbor, Michigan, in accordance with the American Arbitration Association’s Commercial Arbitration Rules then in effect. These dispute resolution provisions are subject to state law.
v.	Choice of forum	Section 15.F.3	All claims not subject to arbitration must be commenced in the state, or federal court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan (subject to applicable state law).
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, 2025 through December 31, 2025, will be referred to as the “Measurement Period.” As of December 31, 2025, there were 86 franchisees operating in 160 Territories. This Item sets forth historical Gross Sales information and other financial metrics listed below for 78 Franchisees (operating 148 Franchised Businesses) who were open and operating during the entire Measurement Period (the “Reported Franchisees”). Excluded from this Item 19 are 8 franchisees (operating 12 Franchised Businesses) who were not open for the entire Measurement Period. These franchisees were either new franchisees who opened during the Measurement Period, or were transferred Franchised Businesses that experienced a period of closure as a result of the transfer during the Measurement Period. [None opened and closed after being open less than 12 months.](#)

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 and Median Gross Sales Reported Franchisees

The table below sets forth the average annual Gross Sales during the Measurement Period as reported by the 78 Reported Franchisees. We have divided them into quartiles, showing the top 25% highest-performing franchisees (“Top 25% Franchisees”), the top 50%-highest performing

6. ~~Expenses and costs may significantly impact profits realized in any particular operation.~~

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Written substantiation for the below financial performance representation will be made available to the prospective franchisee upon 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 Melanie Parker, at 5405 Data Court, Ann Arbor, Michigan 48108, 734-864-9799, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
System-wide Outlet Summary
For years 2023, 2024, 2025**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised - Traditional	2023	167	178	11
	2024	178	175	-3
	2025	175	160	-15
Company Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	167	178	11
	2024	178	175	-3
	2025	175	160	-15

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023, 2024, 2025**

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS

~~This is a Rider to the Agreement, which is being executed concurrently with this Rider, between Franchisor and Franchisee.~~

~~Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider 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.~~

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. §§ 705/1 to 705/44), the parties to the 1-800 WATER DAMAGE INTERNATIONAL, LLC Franchise Agreement (the "Agreement") agree as follows:

Illinois law governs the 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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

National Accounts exist in this franchise system. Franchisor reserves the right to establish, identify and negotiate the terms for and to service National Accounts within your territory. Franchisor or a third party designated by the franchisor may provide products & services to a National Account in your territory with no compensation to you.

All of the Franchisor's financial obligations are absolutely and unconditionally guaranteed by BFG Holdco, Inc. An executed Guarantee of Performance is included with the financial statements (see Item 21) attached to the Franchise Disclosure Document.

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.

FRANCHISOR

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit H-4

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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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: _____

~~ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA~~

~~———— This is a Rider to Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.~~

~~———— Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider 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.~~

~~1. — BACKGROUND.~~

~~We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the 1-800 WATER DAMAGE Business that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and your Business will be located or operated in North Dakota.~~

~~2. — FEE DEFERRAL~~

~~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 and Franchisee is open for business. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.~~

~~3. — AGREEMENTS/RELEASES.~~

~~Sections 10.B.8, 11.C and 12.A. of the Franchise Agreement are amended by adding the following: “Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.”~~

~~4. — COVENANT NOT TO COMPETE.~~

~~Section 13.D of the Franchise Agreement is amended by adding the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.”~~

~~5. — GOVERNING LAW.~~

~~The following is added to the end of Section 15.H. of the Franchise Agreement: “except as otherwise required by North Dakota law.”~~

~~6. — DISPUTE RESOLUTION PROCEDURES.~~

~~Section 15.F.3 of the Franchise Agreement is amended by adding the following language: “Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to Franchisee’s dispute resolution obligations, Franchisee may bring an action in North Dakota.”~~

~~7. — WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.~~

~~To the extent required by the North Dakota Franchise Investment Law, the following paragraph is deleted from Section 15.I. of the Franchise Agreement.~~

~~“You and we irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.”~~

8. ~~LIMITATIONS OF CLAIMS.~~

~~Section 15.K. of the Franchise Agreement is amended by adding the following:~~

~~“The time limitations set forth in this subsection might be modified by the North Dakota Franchise Investment Law.” In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.~~

9. ~~CONSENT TO TERMINATION/LIQUIDATED DAMAGES.~~ Sections 12D and 13 of the Franchise Agreement shall be modified to state that North Dakota franchisees shall not be required to consent to termination or liquidated damages.

10. ~~DISCLOSURE QUESTIONNAIRE.~~

The following language shall be added to the Franchise Agreement:

~~“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.”~~

FRANCHISOR

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR USE IN VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for 1-800 WATER DAMAGE INTERNATIONAL, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Cover Page: The following statements are added to the cover page:

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

[Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.](#)

[Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act \(“Act”\), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.](#)

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.

FRANCHISOR

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit H-20

The State Cover Page is amended to include the following risk factor:

~~“**Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.”~~

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

~~Based on Franchisor's financial condition, the California Department of Department of Financial Protection and Innovation requires that we post a surety bond. We have secured a surety bond in the amount of \$82,500.00 from the Hartford Fire Insurance Company to ensure fulfillment of all of our pre-opening obligations to you under the Franchise Operator Agreement.~~

Item 6 of the Franchise Disclosure Document is hereby supplemented with the following: “The highest interest rate allowed in California is 10%.”

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

1. California Law Regarding Termination, Transfer and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.
2. Non-Competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
3. Applicable Law. The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.
4. General Release. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
5. Applicable Law. The Franchise Agreement requires application of the laws and forums of the State of Michigan. This provision may not be enforceable under California law.
6. Litigation. The Franchise Agreement requires that all disputes be litigated in Michigan. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.
7. Financial Performance Representations. “The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from

ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS

The State Cover Page is amended to include the following risk factor:

“Financial Condition. The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.”

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the 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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

[National Accounts exist in this franchise system. Franchisor reserves the right to establish, identify and negotiate the terms for and to service National Accounts within your territory. Franchisor or a third party designated by the franchisor may provide products & services to a National Account in your territory with no compensation to you.](#)

[All of the Franchisor’s financial obligations are absolutely and unconditionally guaranteed by BFG Holdco, Inc. An executed Guarantee of Performance is included with the financial statements \(see Item 21\) attached to the Franchise Disclosure Document.](#)

-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.

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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

~~ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA~~

~~For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the 1-800 WATER DAMAGE INTERNATIONAL, LLC Franchise Disclosure Document.~~

~~1. The State Cover Page is amended to include the following risk factor:~~

~~**“Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.”~~

~~2. 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 and Franchisee is open for business. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.~~

~~3. Item 17 is amended by the addition of the following language to the original language that appears therein:~~

- ~~(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.~~
- ~~(b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota. Thus, Item 17(v) does not apply to North Dakota franchisees.~~
- ~~(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~
- ~~(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~
- ~~(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~
- ~~(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.~~
- ~~(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~
- ~~(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Thus, Item 17(i) of the Disclosure Document that may require these terms does not apply to North Dakota franchisees.~~
- ~~(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~(j) 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.~~

ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND

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

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT “HOME STATE” LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING FOR DETAILS.

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Disclosure Document for 1-800 WATER DAMAGE INTERNATIONAL, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation,

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

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.

EXHIBIT H - 1
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE ORGANIZATIONS

We have created, sponsored, or endorsed the following franchise organizations:

Organization	Established	Address	Members
Franchise Advisory Council	January 2017	5405 Data Court. Ann Arbor, MI 48108	<p>Chairperson(s): Tim Fagan</p> <p>Committee:</p> <p>Scott Miller – Franchisee, 404-797-2594, Scott.Miller@1800waterdamage.com</p> <p>Josh Arthur – Franchisee, 810-623-8870 Josh.Arthur@1800waterdamage.com</p> <p>David Kunze – Franchisee, 631-413-7763 David.Kunze@1800waterdamage.com</p> <p>Jason Phillips – Franchisee, 406-407-3344 Jason.Phillips@1800waterdamage.com</p> <p>Robert Montgomery – Franchisee, 406-206-7106 robert.montgomery@1800waterdamage.com</p>

EXHIBIT H - 2
TO FRANCHISE DISCLOSURE DOCUMENT
INDEPENDENT FRANCHISEE ASSOCIATIONS

As of the date of this Disclosure Document, to our knowledge, there are no Independent 1-800 WATER DAMAGE Franchise Associations.

**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.~~

DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE

[This Questionnaire does not apply to franchises who reside in or intend to operate the franchised business in the State of California, Hawaii, Maryland or Washington.](#)

To be completed by each signatory to the Franchise Agreement.

As you know, 1-800 Water Damage International, LLC and you are preparing to enter into a Franchise Agreement for the operation of a 1-800 Water Damage franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the 1-800 Water Damage Franchise Disclosure Document and each exhibit we provided to you? Yes _____ No _____
2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes _____ No _____
3. Have you discussed operating a 1-800 Water Damage franchise with an attorney, accountant or other professional advisor? Yes _____ No _____
4. Do you understand the success or failure of your franchise will depend on many factors including your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? Yes _____ No _____
5. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise regarding the amount of money you may earn in operating the 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes _____ No _____
6. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise concerning the total amount of revenue the 1-800 Water Damage franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes _____ No _____
7. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise regarding the costs involved in operating the 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes _____ No _____
8. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating a 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes _____ No _____
9. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise or agreement, other than those matters