

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 Florida. 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 Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **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.”
4. **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.
5. **Sales Performance Required. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment**

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

the right to modify or cancel these programs at any time:

- a) A 15% discount for qualified veterans new to our system to help them acquire franchised businesses. A qualified veteran is any honorably discharged veteran with a DD Form 214 document. The qualified veteran must have a majority ownership in the franchised business to receive this discount on the initial franchise fee.
- b) A 25% discount if you are one of our, or one of our affiliates', employees or if you have been employed by one of our franchisees for a minimum of eighteen (18) months.
- c) A 5% discount per \$200,000 in gross receipts earned by the Existing Business from providing mitigation and reconstruction services for franchisees that qualify for our conversion program, up to a maximum 50% discount off the Initial Franchise Fee.
- d) We may also offer discounts, in our discretion, to our existing franchisees.

Mapping Application Deposit

In the event we have determined that you are otherwise qualified to become a UWRG franchisee and you would like to apply for a franchise but have not yet finalized plans for a territory, you may place a hold on a territory of interest for up to 2 weeks while details are finalized. The territory will not be sold to anyone else during this time. The deposit required for this is \$5,000.00, which is paid in a lump sum, and it will be credited against the initial franchise fee if you elect to move forward. After the expiration of the 2 week period, the hold will be lifted. In the event you choose to not move forward or the territory is otherwise sold, the deposit is fully refundable.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ⁽¹⁾	Restoration/Remediation Services: 6% of Collected Revenue, subject to minimums ⁽²⁾ Reconstruction Services: 2% of Collected Revenue	Tuesday of each week (the "Payment Day") by automatic debit or ACH	The "Minimum Royalty" for each calendar year is defined as follows: (a) Year 1 - \$10,000; (b) Year 2 - \$22,000; (c) Year 3 - \$25,000; (d) Year 4 - \$28,000; and (e) Year 5 and thereafter - \$30,000. The Year 1 Minimum Royalty will be prorated based on the months your Business is in operation. You must pay us any shortfall in the Royalty you paid and the Minimum Royalty each year within 30 days after you receive notice of the amount due.
Brand Development Fund Contributions	The greater of \$450 per month or the percentage of Collected Revenue we set, but not more than 2% ⁽²⁾	On the Payment Day	Payable in such amounts as designated by us if a Brand Development program is established. We will set the percentage amount effective on 90 days' notice to you.

Microsoft Office which may be purchased from any source.

- NOTE 11: The low-end of our estimate assumes that you do not use a payroll service, such as ADP or Paychex.
- NOTE 12: Uniforms includes initial supply of uniforms that adhere to our standards. The low-end of our estimate assumes 1 technician and 1 manager; the high-end of our estimate assumes 2 technicians and 1 manager and a field marketer.
- NOTE 13: The required business licenses and permits will vary from location-to-location and state-to-state, but may include a Mold License, and a Home Improvement Contractor and Pesticide Applicator License or similar.
- NOTE 14: You are required to participate in the IICRC and other approved trade association.
- NOTE 15: This estimate includes fees for attorneys, accountants, etc., which will be paid by you, if appropriate, to establish your Business, maintain payroll, and keep necessary books and records. It is suggested that you use an attorney to negotiate the terms of your lease if you do not own your Business premises.
- NOTE 16: This estimate is a monthly insurance premium for the first 3 months.
- NOTE 17: This estimates additional digital marketing above the local advertising expenditure. The low-end anticipates the cost for a smaller territory and the high-end for a larger territory.
- NOTE 18: You must spend a minimum of \$7,500 on an Opening Promotional/Campaign, during the time period we specify. The Opening Promotion/Campaign is discussed in greater detail in Item 11 of this Franchise Disclosure Document. This includes purchase of an Initial Marketing Materials Package from our supplier, JAKS Printing and Apparel. After purchasing the Initial Marketing Materials package, you may purchase additional marketing related materials from any source.
- NOTE 19: You must spend the greater of \$3,000 or 2% of Collected Revenue on local marketing, promotion and advertising. The minimum assumes 3 months of \$3,000 per month. This is discussed in greater detail in Item 11 of this Franchise Disclosure Document.
- NOTE 20: This estimate includes training and certification costs from IICRC, WRT, FSRT and AMRT, as well as all travel and living costs associated with any required initial training.
- NOTE 21: These amounts are minimum recommended levels to cover operating expenses, including employee salaries, for 6 months. The low end represents hiring a marketer and technician and no owner compensation for 6 months. The high end represents a larger territory purchase and represents hiring a marketer, 2 technicians and an admin for 6 months.
- NOTE 22: In compiling these estimates, we relied on our affiliates' and our franchisees' experience in operating a Business.

YOUR ESTIMATED INITIAL INVESTMENT
[CONVERSION OUTLET]

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	<u>METHOD OF PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
<u>Initial Franchise Fee⁽¹⁾</u>	<u>\$24,500 to \$380,000</u>	<u>Lump Sum</u>	<u>Upon effective date of Franchise Agreement⁽¹⁾</u>	<u>Us</u>
<u>Vehicles⁽²⁾</u>	<u>\$0 to \$95,000</u>	<u>As Incurred</u>	<u>As Agreed</u>	<u>Third Parties</u>
<u>Opening Equipment, Tools, Inventory & Supplies Package⁽³⁾</u>	<u>\$0 to \$200,000</u>	<u>As Incurred</u>	<u>As Agreed</u>	<u>Third Parties</u>
<u>Total From All Other Items From the Office/Warehouse Chart⁽⁴⁾</u>	<u>\$183,000 to \$265,000</u>	<u>As Incurred</u>	<u>As Agreed</u>	<u>Third Parties</u>
<u>TOTALS</u>	<u>\$207,500 to \$940,000</u>			

All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendor. We do not offer direct or indirect financing to you for any part of the initial investment.

NOTE 1: You must pay to us an Initial Franchise Fee based upon the number of Territories you purchase. The Initial Franchise Fee ranges from \$49,000 for 1 territory up to \$380,000 for 12 territories. If you qualify for our conversion program, you may receive a 5% discount per \$200,000 in gross receipts earned by the Existing Business from providing mitigation and reconstruction services, up to a maximum 50% discount off the Initial Franchise Fee. The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise Disclosure Document.

NOYE 2: Conversion Franchises may continue to use their Existing Business's vehicles, if the vehicles otherwise meet our standards and specifications. To the extent the Existing Business's vehicles do not comply with our standards and specifications, Conversion Franchises must acquire at least one vehicle meeting our standards and specifications. 50% of all vehicles must be rebranded within 30 days after a Conversion Franchise signs the Franchise Agreement, and the remainder must be rebranded within 12 months after a Conversion Franchise signs the Franchise Agreement.

NOTE 3: Conversion Franchises can continue to use equipment which is not branded with our logos but otherwise meets our standards and specifications until the earlier of: (a) 5 years after the original manufactured date; or (b) 3 years from the date of their Franchise Agreement. To the extent Conversion Franchises do not have equipment meeting our standards and specifications, they must purchase all required equipment within 30 days of signing a Franchise Agreement.

NOTE 4: This contains the total of all other items in the Office/Warehouse chart other than the initial franchise fee, vehicles and Opening Equipment, Tools, Inventory & Supply Package. In compiling these estimates, we relied on our franchisees' experience in converting a Business and our affiliates and franchisees experience in operating a Business.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 17.5 (a) and (c)	<u>Subject to applicable state law</u> , no involvement in competing business (i) anywhere; (ii) within the Territory; (iii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iv) via the internet or other form of e-commerce, wherever located; or (v) within 25 miles of any geographic area that we have awarded to any other UWRG Business. You must also comply with non-solicitation and non-disclosure covenants.—, <u>subject to applicable state law</u> .
r. Non-competition covenants after the franchise is terminated or expires	Section 17.5 (b) and (c)	<u>Subject to applicable state law</u> , no involvement for 2 years in competing business (i) within your Territory; (ii) within any geographic territory that we have assigned to any one of our other UWRG Businesses, employees, or Franchisees, or in which we directly operate, market or sell; or (iii) within 25 miles of any geographic area that we have awarded to any other UWRG Business as of the date of termination or expiration of your franchise agreement. You must also comply with non-solicitation and non-disclosure covenants—, <u>subject to applicable state law</u> .
s. Modification of the Agreement	Sections 7 and 22.12	Requires written agreement signed by both parties (except for unilateral changes to Manuals or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 22.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to State and Federal laws). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, all disputes must be mediated at a mutually agreeable location, or at our headquarters. If the dispute is not resolved within 45 days, the dispute must be arbitrated at the office of the American Arbitration Association closest to our headquarters currently in Ormond Beach, Florida (subject to applicable State law).
v. Choice of forum	Section 22.7	All litigation must take place in the county where we maintain our principal place of business (currently, Volusia County, Florida) at the time the dispute arises (subject to applicable State law).
w. Choice of law	Section 22.6	Florida law (subject to applicable State law).

Please refer to any disclosure addenda and contractual amendments appended to this disclosure document or the Franchise Agreement for additional terms that may be required under applicable state law. Please note, however, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum or rider that describes the provisions of those state laws.

9. **Insufficient Funds.** Section 4 of the Agreement is revised to include the following sentence, to the extent applicable:

Notwithstanding anything said to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

~~10. 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.~~ 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.

~~11. 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.~~

~~11. 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.~~

12. The Franchise Agreement IS amended to provide that payment of initial franchise fees will be deferred until Franchisee has opened the franchised business.