

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 Michigan. 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 Michigan than in your own state.
2. **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.
3. **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 you and your spouse's marital and personal assets perhaps including your house, at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
- 4.5. **Turnover Rate.** During the last 3 years, a large number of franchised outlets (52), were terminated, 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. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

PATCH BOYS INTERNATIONAL, LLC
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A – Franchise Agreement	H – State Addenda to the Disclosure Document and Franchise Agreement
B – Promissory Note	I – List of Franchisees
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D – General Release – Renewal and Assignment	K – 1 – Franchise Organizations
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12. These estimates represent the additional funds necessary for the first three (3) months of your business operations, if you are developing one Territory. You will need more funds if you are developing more than one Territory. This item includes a variety of expenses and working capital items during your start-up phase such as legal and accounting fees, the cost of additional supplies, the costs of business licenses or permits, security deposits usually required by electric, gas, water and telephone companies, and other miscellaneous costs. These estimates are amounts needed for each Territory in which you operate your THE PATCH BOYS Business. We relied on our Predecessor's experience to compile these estimates. ~~You should review these figures carefully with a business advisor before making any decision to purchase the franchise.~~ The availability and terms of financing from third parties will depend on such factors as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. These estimates do not include owner compensation. Our estimate of your initial investment to develop one THE PATCH BOYS Business is described in the table above. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise. The estimate does not include an owner's salary or draw. The estimate also does not include cash requirements to cover operating losses or owner's draw after the initial three-month phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises. ~~We urge you to retain the services of an experienced accountant or financial adviser in order to develop a franchised business plan and financial projections for your franchise.~~ Your actual investment may vary depending on local conditions particular to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

8.1 Required Purchase of Initial Package

You must purchase the Initial Package as described and listed above in Item 5 and in the Franchise Agreement. The items included in the Initial Package may change to reflect the changing needs of the THE PATCH BOYS Business in accordance with System procedures, and changes in suppliers and/or product specifications. If we remove some of the items required to be purchased, the purchase price of which will be prorated in accordance with which items you need not purchase. We retain the right to derive revenue or other material consideration from required purchases and leases of products and services.

Some of our officers have an ownership interest in our affiliates BELFOR, Coleman Wolf, CDI, and BHI, which act as suppliers to our franchisees. There are no other suppliers in which any of our officers owns an interest at this time, although they reserve the right to do so in the future.

months of signing the Franchise Agreement and if you do not, then we may terminate the Franchise Agreement. (Section 12.B.2 of the Franchise Agreement).

11.4 Local Marketing and Advertising

We are not required to conduct advertising for you or the System. We are not required to spend any amount on advertising in your Territory. We may provide you with advertising, promotional or marketing materials for you to use in local advertising, but we are not obligated to do so. We will provide you, the business phone number to be used by the THE PATCH BOYS Business. This number will be forwarded to any device(s) that you choose.

You will be required to spend at least \$10,000 in the first twelve (12) months of operation on local advertising and marketing for your THE PATCH BOYS Business. You must use our approved advertising and marketing materials, or receive our written approval of any and all other advertising and marketing materials before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is in our sole discretion. We also may, in our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then-current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and furnace stickers must reference the THE PATCH BOYS national toll free number. You may not alter or remove reference to the national toll free number. You have no obligation to purchase any of these materials or forms from us, but you may be required to purchase such materials from approved or designated suppliers, or participate in our local marketing programs, like our call center and/or direct mail solicitations at your expense. (Section 2.G of the Franchise Agreement).

Following the System, primarily through affinity marketing programs, direct mail, networking, and sales calls, you will market your THE PATCH BOYS Business's services directly to residences, commercial entities and governments/municipalities located within the Territory. Included in your Initial Package is an opening inventory of promotional materials to initiate your marketing program.

We do not currently require you to participate in an advertising cooperative, however we reserve the right to implement cooperatives in the future, and require you to participate. If and when you are required to participate in an advertising cooperative, ~~we will provide additional information, including how membership is defined, how much you and other franchisees must contribute, who will administer the cooperative, etc.~~ we will provide its governing documents for your review. It will be administered by us, with franchisee input. We do not have company owned units, but if we do at the time of establishing the cooperative, they will not be required to participate, but may, in their discretion. How membership is defined and how much franchisees must contribute will be determined in the governing documents, when the cooperative is established. No such structure exists at this time.

If two or more THE PATCH BOYS Businesses and/or Company Stores are serviced by the same telephone directory, we will require you to list all businesses under one THE PATCH BOYS heading. Should this instance arise, you promise to pay your pro-rata share of the total expense of the joint listing. Any other forms of advertising that would also advertise to zip-codes both inside

we reserve the right to use the Brand Marketing Fund for public relations or recognition of the “THE PATCH BOYS” brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist THE PATCH BOYS franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Marketing Fund. The cost of these programs may be charged directly to you if the results from a Survey fall below System established minimum standards for such Surveys.

We have the right to reimburse ourselves from the Brand Marketing Fund for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the Brand Marketing Fund.

We are not required to contribute to the Brand Marketing Fund. We may, but are not obligated to, advance money to the Brand Marketing Fund to fund Brand Marketing Fund programs. In the event that we advance monies to the Brand Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance.

We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the Brand Marketing Fund. The Brand Marketing Fund does not have to be independently audited.

~~There are currently no requirements for participation in an advertising council or any local advertising cooperatives, though we reserve the right to establish an advertising council or advertising cooperatives in the future.~~

11.8 Computer Software, Internet, and Systems

You are required to use our THE PATCH BOYS CRM (customer relationship management) cloud-based software system. You access THE PATCH BOYS CRM from a tablet or computer. This system provides you the ability to manage cash flow and daily operating activities. The cost of the software is included in your monthly Technology Fee, which is currently \$299 per month. We currently require you to utilize QuickBooks Online Accounting Software. We will have independent access to the information generated and stored in the Computer System, which includes cash flow information, accounting information, customer/client information and information relating to daily operating activities.

We have the right to change this requirement at our discretion. We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). Currently, your Computer System must include a fiber-optic internet or other high-speed internet or cable modem high-speed Internet connection that meets the requirements of the System Standards and for handling of our then-current THE PATCH BOYS CRM or other Required Software. Computer specifications for hardware and Internet connectivity are provided in Sections 2.H and 2.I of the Franchise Agreement. We estimate that these systems will cost between \$100 and \$2,000 to purchase.

Listed below are the general modules and details of the Initial Training. We reserve the right to modify the Initial Training, including the training materials, training subjects, hours of training, and overall length of training at any time.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Totals	Location
Sales / Marketing	3	3	6	Ann Arbor, Michigan
Software / Technology	4	4	8	Ann Arbor, Michigan
Business Operations (estimating pricing, managing the business)	11	5	16	Ann Arbor, Michigan
Technical Training (equipment, guidelines, implementation)	2	6	8	Ann Arbor, Michigan
Totals	20	18	38	

11.13 Additional Training

If this is a renewal term or if this is an additional THE PATCH BOYS Business being awarded to you, and your Managing Owner or, if applicable, the Designated Manager, have already attended Initial Training, the requirement that you attend Initial Training is waived, except as with respect to the JumpStart online training modules and continuing training obligations. If your Managing Owner or, if applicable, the Designated Manager desires to attend Initial Training again, you will not be assessed a training fee, however you will be responsible for all travel and living expenses that you and your employees/owners incur while attending training.

The Managing Owner or, if applicable, the Designated Manager, must attend the Convention every year it is offered. The Managing Owner or, if applicable, Designated Manager also must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that are incurred by you or your employees/owners while attending

exclusively any litigation, USPTO proceeding or any other administrative proceeding arising out of any infringement, challenge, claim or otherwise relating to any Mark.

Provided that you have timely notified us of the claim or proceeding and complied with the Franchise Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against any loss or expense incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one or more additional or substitute names or marks, you must comply with our direction no later than ten days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark and you must not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our principal Mark in any state.

Our parent is the lawful and sole owner of the domain name www.THEPATCHBOYS.com. You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using any website containing the Marks. You may access our website. Except as we authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the Internet; or (iii) create or register any Internet domain names in connection with your THE PATCH BOYS Business. The only exception is that you may list your THE PATCH BOYS Business in the local online directory.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

14.1 Patents and Copyrights

You do not receive the right to use any item covered by a patent. There are no pending patent applications that are material to the franchise. We do not own any registered copyrights which are material to the franchise; however, we claim copyrights in the Operations Manuals, System Standards, advertising materials, THE PATCH BOYS CRM, business forms, videos, CDs and other printed and advertising material used in operating the System. We have not registered these copyrights with the United States Registrar of Copyrights. You must use these items only in the way we specify and only while operating your THE PATCH BOYS Business. You must comply if we require you to modify or discontinue using material of any of our copyrights and in such an event, we are not obligated to compensate you.

	Provision	Section in Franchise agreement	Summary
			business or customer of THE PATCH BOYS Business to any competitor, or do any other act injurious or prejudicial to the goodwill of the Marks or the System. This provision is subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 13.D	For 18 months from expiration or termination of the Franchise Agreement, you, your owners and, your Designated Manager, shall not (a) engage in any capacity in any business offering actual light restoration and reconstruction services, (b) solicit business from customers of your former business; (c) attempt to or divert any business or customer of THE PATCH BOYS Business, or (d) do any other act injurious to the goodwill of the Marks or the System or engage in any business relationship with any of your customers or former customers, within: (i) the Territory; (ii) the Territories of any THE PATCH BOYS franchisees, THE PATCH BOYS Company Stores, or any other THE PATCH BOYS Business operator; or (iii) a radius of 100 miles from the Territory. This provision is subject to state law.
s.	Modification of Agreement	Section 15.J	Modification of the Franchise Agreement must be in writing and agreed upon by both parties.
t.	Integration/merger clause	Section 15.L	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	Sections 15.F.1 and 15.F.2	You must bring any disputes arising out of the Franchise Agreement or any other agreement with us to our President prior to bringing a claim before any third party in an attempt to resolve the dispute internally. After exhaustion of this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to binding arbitration in Ann Arbor, Michigan, in accordance with the American Arbitration Association's Commercial Arbitration Rules then in effect (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 <u>applicable</u> state law).
w.	Choice of law	Section 15.H	Except for federal law, Michigan law applies (subject to <u>applicable</u> 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.

We currently require all franchise owners to provide periodic revenue and other financial reports concerning their Franchises. We reconciled the revenue and other information provided by the franchisees relating to the operation of their THE PATCH BOYS Business during 2024. At the end of the 2024 fiscal year, there were 120 THE PATCH BOYS Franchisees that owned 284 THE PATCH BOYS Franchises. We have presented financial information from 88 THE PATCH BOYS Franchisees (the "Represented Franchise Owners"), representing 73.3% of THE PATCH BOYS Franchisees. The Represented Franchise Owners collectively own 233 THE PATCH BOYS Franchises (the "Represented Franchises"), representing 82% of all of THE PATCH BOYS Franchises.

The information provided in this Item 19 is provided to us voluntarily by Franchisees. To be included, franchise owners must have owned their businesses at least one (1) year as of December 31, 2024, and operated those franchises throughout all of 2024, and must have reported their data to us. We excluded fifty-one (51) THE PATCH BOYS Franchises from this Item 19 that did not meet that criteria. Of the fifty-one (51) excluded, three (3) were opened and twenty-seven (27) closed during the 2024 fiscal year and thus were not open and operating the full twelve (12) months. Data from twenty-one (21)– THE PATCH BOYS Franchises was not reported to us, and was thus, not included.

The Represented Franchise Owners have been in business for an average of 3.0 years in their markets and operate in a mix of urban, suburban, and rural areas, disbursed geographically throughout the U.S. Some operate on a part-time basis; however, all offer the same products and services that we authorize new THE PATCH BOYS Businesses to sell.

In the below charts, we present the historical financial performance of the Represented Franchise Owners during the one (1) year period from January 1, 2024 to December 31, 2024 (the "Measurement Period"). Each category in the charts is defined in more detail in the notes below the charts.

In chart 1, we present the average and median revenue of the Represented Franchise Owners divided into quartiles, and the top and bottom five percent (5%) of Represented Franchise Owners during the Measurement Period. The information in the following table is unaudited. In chart 2, we present the average and median revenue per Active Territory, divided into quartiles, and the top and bottom five percent (5%) of Represented Franchise Owners during the Measurement Period. The information in the following table is unaudited.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1

Systemwide Outlet Summary

For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	19 32	298	+10 58
	2023	298	308	+10
	2024	308	284	-24
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Totals	2022	19 32	298	+10 58
	2023	298	308	+10
	2024	308	284	-24

TABLE NUMBER 2

Transfers of Outlets from Franchisees to New Owners (other than to Franchisor)

For Years 2022 to 2024

State	Year	Number of Transfers
Alabama	2022	0
	2023	1
	2024	0
Arkansas	2022	0
	2023	3
	2024	0
Florida	2022	0
	2023	0
	2024	2
Georgia	2022	4
	2023	3
	2024	0
Kentucky	2022	0
	2023	0
	2024	2
Massachusetts	2022	0
	2023	0
	2024	2
New Jersey	2022	0
	2023	1
	2024	0
	2022	0

State	Year	Number of Transfers
North Carolina	2023	1
	2024	0
Pennsylvania	2022	0
	2023	1
	2024	0
South Carolina	2022	3
	2023	2
	2024	0
Tennessee	2022	0
	2023	0
	2024	6
Texas	2022	0
	2023	1
	2024	0
Utah	2022	0
	2023	3
	2024	0
Totals	2022	8 7
	2023	16
	2024	12 3

TABLE NUMBER 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2022	3	3	1	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Arkansas	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Arizona	2022	8	3	0	0	0	0	11
	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	0	11
California	2022	4	0	3	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Colorado	2022	12	3	3	0	0	0	12
	2023	12	0	0	0	0	0	12

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

This is an addendum to the Franchise Agreement, which is being executed concurrently with this Rider, between Franchisor and Franchisee.

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

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that

1. ~~T~~The following will supersede and replace Section 13.D. of the Franchise Agreement:

13.D. COVENANT NOT TO COMPETE.

You acknowledge and reaffirm that the THE PATCH BOYS customer list developed under your Franchise Agreement, is the sole and exclusive proprietary information of Franchisor, and you have no ownership right(s) or any other interest in this customer list except as a THE PATCH BOYS franchisee. In the event of any future termination and/or expiration of your franchise agreement with Franchisor, you will not retain, in any form, a copy of this customer list. You further agree not to market to, service or otherwise deal with any customers on the list for inventorying, packing, moving, cleaning, deodorizing and storage services for a period of 18 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one (1) or more of your THE PATCH BOYS franchise businesses, as a condition precedent to our approving your purchaser as a new THE PATCH BOYS franchisee, you will agree with your purchaser and with us not to compete for 18 months after the sale closing, in the inventorying, packing, moving, cleaning, deodorizing and storage services business within a geographic area extending out from the purchased THE PATCH BOYS territory boundaries, in every direction, for 100 miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other THE PATCH BOYS franchise business(es) in and around this geographic area.

2) 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.

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS AND
ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS**

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.

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.

You will be assessed a \$500 Administrative Fee each time you request support from the Franchisor.

“NATIONAL ACCOUNTS” EXIST IN THE FRANCHISE SYSTEM. YOU MAY BE OFFERED THE OPPORTUNITY TO SERVICE A NATIONAL ACCOUNT. IF YOU DECLINE TO DO SO, THE FRANCHISOR, AN AFFILIATE OR ANOTHER FRANCHISEE MAY PROVIDE THE SERVICE WITH NO COMPENSATION TO YOU (EVEN IF THE SERVICE IS PROVIDED WITHIN YOUR TERRITORY.)

The following risk factor shall be added to the State Cover Page:

“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.”

Our affiliate, BFG Holdco., Inc., guarantees our obligations to you under the Franchise Agreement.

~~This is a Rider to the Effective Date 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 Franchise Agreement agree as follows:~~

~~1. — Background~~

~~We and you are parties to the Agreement that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being executed because (a) the offer or sale of the franchise for franchise you will operate under the Agreement was made in the State of Illinois and you will operate the Franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.~~

~~1. — Dispute Resolution Procedures~~

~~Section 15.F. entitled “Dispute Resolution Procedures” is superseded and replaced by the following:~~

~~Subject to Section 15.F., Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.~~

~~3. — Choice of Law~~

~~Section 15.H. entitled “Choice of Law” is superseded and replaced by the following:~~

~~Except to the extent governed the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, and except for claims arising under the Illinois Franchise Disclosure Act, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois.~~

~~4. — Limitation of Claims~~

~~The following is added to the beginning of Section 15.K. of the Franchise Agreement, entitled “Limitations of Claims~~

~~———“Except for claims arising under the Illinois Franchise Disclosure Act, and...”~~

~~5.—— Illinois Franchise Disclosure Act~~

~~The following language is added to Section 15.M. of the Franchise Agreement:~~

~~15.M. Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any law of the State of Illinois is void.”~~

~~6.—— Your Affirmations~~

~~Section 17 of the Franchise Agreement:~~

~~(a)——The second affirmation, beginning with the phrase “We have not made” is hereby amended to read as follows:~~

~~“We ask that, before you execute this Agreement, you bring to our attention any statements or representations that have been made to you by any of our officers, directors, employees, or agents that are contrary to or inconsistent with the statements made in the THE PATCH BOYS Franchise Disclosure Document you received or the provisions of this Agreement.”~~

~~(b) The ninth affirmation, beginning with the phrase, “We may sell our assets,” the following is deleted:~~

~~“...you specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of the FRANCHISOR of this Agreement.”~~

~~7.—— Agreements/Releases.———~~

~~Section 11 Paragraph C of the Franchise Agreement is deleted in its entirety and replaced by the following:~~

~~“If you satisfy all of the other conditions to the awarding of a Renewal Term, you promise to execute the form of franchise agreement and any ancillary agreements we then are customarily using in awarding Renewal Terms for THE PATCH BOYS franchises, provided that in no event will the Territory or Royalty for the Renewal Term franchise agreement be changed from that contained in this agreement.”~~

~~Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.~~

~~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 execute in connection with the franchise.~~

The representations, acknowledgements and affirmations in the preceding section are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

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.

If the franchisee resides within or if the franchised business will be located within the State of Maryland, Exhibit G, Franchise Disclosure Questionnaire may be completed, but should not be signed by the franchisee.

The following language shall be removed from Section 15.L of the Franchise Agreement: “You acknowledge that we justifiably have relied on your representations made before the execution of this Agreement.”

The following language shall be removed from Section 17 of the Franchise Agreement:

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

T~~Additionally~~, the following language shall be removed from Section 18 of the Franchise Agreement:

“YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE.

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

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

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A

Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, of the Franchise Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial and requiring a franchisee to consent to liquidated damages or termination penalties.

Limitations of Claims. The following is added to Section 15.K. of the Franchise Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

Dispute Resolution Procedures/Governing Law. The following language is added to Sections 15.F and 15.H. of the Franchise Agreement:

PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

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

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

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

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

FRANCHISOR

FRANCHISEE

PATCH BOYS INTERNATIONAL, LLC

[FRANCHISEE ENTITY NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled “Choice of law”:

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.

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

PATCH BOYS INTERNATIONAL, LLC

[FRANCHISEE ENTITY NAME]

By: _____

By: _____

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

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

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a

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

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise. n the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

19. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

~~Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

~~RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~

The following risk factors shall be added to the State Cover Page:

- a. **“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.
- b. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.”

20. A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR

FRANCHISEE

PATCH BOYS INTERNATIONAL, LLC

[FRANCHISEE ENTITY NAME]

By: _____

By: _____

AGENTS FOR SERVICE OF PROCESS

State	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	<u>Hawaii Commissioner of Securities</u> <u>State of Hawaii Department of Commerce & Consumer Affairs</u> <u>Business Registration Division – Securities Compliance Branch</u> <u>335 Merchant St., Room 203</u> <u>Honolulu, HI 96813</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651. 539.1600
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701.328.4712
OREGON	Director of Oregon Department of Insurance and Finance 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387

EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

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

This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California.

The questionnaire should not be completed or signed by and will not apply to any franchisees and franchises that are subject to the Maryland franchise registration/disclosure laws.

1. Have you received and personally reviewed the Patch Boys International, LLC 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 Patch Boys 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 Patch Boys International, LLC made any statement or promise regarding the amount of money you may earn in operating the Patch Boys 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 Patch Boys International, LLC made any statement or promise concerning the total amount of revenue the Patch Boys 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 Patch Boys International, LLC made any statement or promise regarding the costs involved in operating the Patch Boys 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 Patch Boys 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

4. 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.
5. Financial Performance Representations. “The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”
3. Liquidated Damages. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.
4. Waiver of Punitive Damages. The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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.

OUR WEBSITE WWW.THE PATCH BOYS.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

~~ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS~~

~~Illinois law govern the agreements between the parties to this franchise.~~

~~Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.~~

~~Section 41 of the Illinois Franchise Disclosure Act provides that 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.~~

~~Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~You will be assessed a \$500 Administrative Fee each time you request support from the Franchisor.~~

~~“NATIONAL ACCOUNTS” EXIST IN THE FRANCHISE SYSTEM. YOU MAY BE OFFERED THE OPPORTUNITY TO SERVICE A NATIONAL ACCOUNT. IF YOU DECLINE TO DO SO, THE FRANCHISOR, AN AFFILIATE OR ANOTHER FRANCHISEE MAY PROVIDE THE SERVICE WITH NO COMPENSATION TO YOU (EVEN IF THE SERVICE IS PROVIDED WITHIN YOUR TERRITORY.)~~

~~The Franchisor reserves the right to manage any project or enterprise undertaking by two or more Patch Boys Businesses. The Franchisor may also determine whether any service to a customer is “beyond your equipment capabilities.”~~

~~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.~~

ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA

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

Item 6 Notwithstanding anything in Item 6 to the contrary, NSF Fees are capped at \$30 per fee in accordance with Minnesota Stat. Sec. 604.113

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

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

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

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

5-6. 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.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce,

or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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 WASHINGTON~~

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

~~The following risk factor is added to the State Cover Page:~~

~~**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.~~

~~The following is added to the cover page for the state of Washington:~~

~~Washington Addendum and Item 17 should state: "If any provision in this Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington, Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.~~

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.~~

~~RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed~~

~~upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

~~RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~