

Type of Expenditure	Amount <sup>1</sup>	Method of Payment	When Due	To Whom Payment Is To Be Made
Furnishings, Fixtures, Marketing Materials, Supplies, and Other Branded Items <sup>8</sup>	\$28,000 - \$35,000	As arranged	As incurred	Approved Vendors, Third Parties
Insurance <sup>9</sup>	\$1,500 - \$5,000	As arranged	As incurred	Insurance Companies
Signage <sup>10</sup>	\$8,000 - \$15,000	As arranged	As incurred	Approved Vendors, Third Parties
Point of Sale System/Technical Equipment <sup>11</sup>	\$10,000 - \$20,000	As arranged	As incurred	Approved Vendors, Third Parties
Software <sup>12</sup>	\$7,500	As incurred	Upon signing Agreement and Franchise Agreement	ZIPSsoft
Office Equipment & Supplies <sup>13</sup>	\$1,200 - \$4,000	As arranged	As incurred	Approved Vendors, Third Parties
Dry Cleaning / Laundry Production Equipment and Installation <sup>14</sup>	\$32,000 - \$45,000	As arranged	As incurred	Approved Vendors
Initial Production Supplies <sup>15</sup>	<del>\$8,000-500</del> - \$11,000	As arranged	As incurred	Approved Vendors
Training <sup>16</sup>	\$500 - \$5,000	As arranged	As incurred	Airlines, Hotels, Third Parties
Licenses and Permits and Professional Fees <sup>17</sup>	\$1,500 - \$13,500	As arranged	As incurred	Licensing Authorities, your attorney, accountant and other business advisors
Delivery Van <sup>18</sup>	\$25,000 - 55,000	As arranged	As incurred	Third Parties
Additional Operating Funds – 6 months <sup>19</sup>	\$0 - \$50,000	As arranged	As incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>20</sup></b>	<b>\$205,250 – 382,000</b>			

**NOTES TO ITEM 7 TABLE:**

- (1) **Refundability.** Costs paid to ZIPS are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Franchised Business is located. Amounts due to ZIPS and its affiliates must be paid by cashier's

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF MINNESOTA**

1. **State Cover Page and Item 17, Choice of Forum and Law.** The following statement is added to the State Cover Page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document, the Development Agreement or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. **Item 5, Additional Disclosures.** The following is added to Item 5:

~~The Minnesota Department of Commerce has imposed a fee deferral requirement because of our financial condition. Accordingly, we defer the payment of (1) the Development Fee until we have completed all of our pre-opening obligations and the first ZIPS Dry Cleaners Business required to be developed under the Development Agreement opens for business; and (2) the Initial Franchise Fee for each ZIPS Dry Cleaners Business until we have completed all of our pre-opening obligations and the relevant ZIPS Dry Cleaners Business opens for business. Upon the opening of the first ZIPS Dry Cleaners Business that you develop under the Development Agreement, you must pay to us the Development Fee. Upon the opening of each ZIPS Dry Cleaners Business, you must pay to us the Initial Franchise Fee for that ZIPS Dry Cleaners Business.~~

32. **Trademarks.** The following statement is added to Item 13:  
Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

43. **Item 17, Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement or Development Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

54. **Item 17, General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

65. **Item 17, Waiver of Right to Jury Trial, Statute of Limitations, Injunctive Relief:** The following statements are added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial. In addition, the agreements cannot modify your rights under Minnesota Statutes, Chapter 80.C.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

**76.** 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 these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO ZIPS FRANCHISING, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED FOR MINNESOTA DEVELOPERS**

This Addendum to ZIPS Franchising, LLC Development Agreement dated \_\_\_\_\_ (“Development Agreement”) between ZIPS Franchising, LLC (“ZIPS”) and \_\_\_\_\_ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Minnesota; **(B)** you are a resident of the State of Minnesota; and/or **(C)** part or all of the Development Territory is located in the State of Minnesota.

~~2. The following is added to the end of Section 4:~~

~~The Minnesota Department of Commerce has imposed a fee deferral requirement because of our financial condition. Accordingly, notwithstanding the foregoing, in the State of Minnesota, we will defer the payment of the Development Fee until we have completed all of our pre-opening obligations and the first Franchised Business required to be developed under this Agreement opens for business. Upon the opening of the first Franchised Business that you develop under this Agreement, you shall pay to us the Development Fee. Your failure to pay the Development Fee when due shall be a breach of this Agreement.~~

~~32.~~ The following sentence is added to the end of Sections 3B(2) and 9B(5):

Notwithstanding the foregoing, Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

~~43.~~ Section 10B(1)(i) is deleted and replaced with:

**(i)** Developer’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which ZIPS would be entitled to all legal and equitable remedies, including injunctive relief. The franchisor may seek injunctive relief.

~~54.~~ The following sentence is added to the end of Section 11:

With respect to franchises governed by Minnesota law, ZIPS will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which require, except in certain cases, that Developer be given 90 days notice of termination (with 60 days to cure) of the Development Agreement.

~~65.~~ The following sentence is added to the end of Section 19B:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit ZIPS from requiring litigation to be conducted outside Minnesota.

~~76.~~ The following statements are added at the end of Section 19D:

Nothing in the disclosure document or Development Agreement can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Section 80C.17, Subd. 5.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

~~87.~~ The third sentence of Section 19G and Section 22K are deleted.

~~98.~~ The second sentence of Section 21E is deleted and replaced with the following:

Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, ZIPS will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance.

~~109.~~ The following is added as Section 19H:

Nothing in the Development Agreement can abrogate or reduce any of Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or Developer's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

~~110.~~ Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Development Agreement.

~~121.~~ Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

**ATTEST:**

**ZIPS:  
ZIPS FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST/WITNESS:**

**DEVELOPER:**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO ZIPS FRANCHISING, LLC  
FRANCHISE AGREEMENT  
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to ZIPS Franchising, LLC Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between ZIPS Franchising, LLC (“ZIPS”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Minnesota; **(B)** you are a resident of the State of Minnesota; or **(C)** the Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 2B(3)(g) and 20B(5):

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

3. The following sentence is added to the end of Section 2B:

With respect to franchises governed by Minnesota law, ZIPS will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 180 days’ notice for non-renewal of the Franchise Agreement.

~~4. The following is added to the end of Section 7.A.:~~

~~The Minnesota Department of Commerce has imposed a fee deferral requirement because of our financial condition. Accordingly, notwithstanding the foregoing, in the State of Minnesota, we will defer the payment of the Initial Franchise Fee until we have completed all of our pre-opening obligations and the Franchised Business opens for business. Upon the opening of the Franchised Business, you must pay to us the Initial Franchise Fee. Your failure to pay the Initial Franchise Fee when due shall be a breach of this Agreement.~~

54. Section 22B(1)(i) is deleted and replaced with:

**(i)** Franchisee’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which ZIPS would be entitled to all legal and equitable remedies, including injunctive relief. The franchisor may seek injunctive relief.

65. The following sentence is added to the end of Section 23:

With respect to franchises governed by Minnesota law, ZIPS will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement.

76. The following sentence is added at the end of Section 32B:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit ZIPS from requiring litigation to be conducted outside Minnesota.

87. The following statements are added at the end of Section 32D:

Nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C.17, Subd. 5.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**98.** The third sentence of Section 32G and Section 35O are deleted.

**409.** The second sentence in Section 34E is deleted and replaced with the following:

Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, ZIPS will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance.

**410.** The following is added as Section 34J:

Nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**421.** Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

**4312.** Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**ATTEST:**

**ZIPS:  
ZIPS FRANCHISING, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST/WITNESS:**

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_