

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 multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in North Carolina. 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 North Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or 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.
- ~~2.4.~~ **Turnover Rate.** Since the beginning of 2021, many franchised outlets (79) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This is a high percentage of the number of franchised outlets operating at the beginning of 2021 (more than 42%). 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.

ITEM 10
FINANCING

We may offer direct financing, but neither we nor our affiliates are obligated to provide any funding to you. At this time, we and our affiliate are the only potential lenders under the direct financing agreement. We reserve the right to form or designate additional affiliates as potential lenders in the future. We may in the future also provide indirect financing through third parties and receive referral fees from these third party providers. The terms of your financing with third parties will vary. If you request indirect financing, we may receive a referral fee from the third party financing provider. We do not guarantee your note, lease or obligation.

We will provide a promissory note (a "Note") for the amount financed and any financing charges that you, or, if you are a Corporate Entity, each of your members, shareholders and partners and each of these parties' spouses must sign the Note if we agree to offer you direct financing on your Initial Franchise Fee. You are required to return an original signed copy of the Note to us. We have the right to assign your Note to a third party. Additionally, if you enter into a Note with us for a new Office, we require that you open the Office within three months of your receipt of the funding provided under the Note.

The financing terms we currently offered is described in the tables below:

Finance Type	Direct – Executive Office or Co-Branded Office	Direct – Conversion Business
Total	\$50,000	\$25,000
Down Payment	\$15,000	\$15,000
Amount Financed	\$35,000	\$10,000
Term	36 months	36 months
Interest	0% APR if Note paid as agreed. 18% APR or the highest rate allowed by law on any payments not made when due	0% APR if Note paid as agreed. 18% APR or the highest rate allowed by law on any payments not made when due 0% APR or the highest rate allowed by law
Finance Charges	\$0	\$0
Payment Amount	\$972.00 per month	\$278.00 per month
Payment Terms	No penalty for prepayment	No penalty for prepayment
Security Required	Personal Guaranty; Security Agreement and UCC-1	Personal Guaranty; Security Agreement and UCC-1
Liability Upon Default	Loss of franchise and other remedies available to us under the Franchise Agreement, security agreement and note	Loss of franchise and other remedies available to us under the Franchise Agreement, security agreement and note
Loss of Legal Rights on Default	Waive various notices, rights and defenses; confess judgment	Waive various notices, rights and defenses; confess judgment

If you fail to repay your loan, we have the right to terminate your franchise and acquire the rights to operate your Office directly. We may offer financing to new and existing franchisees who wish to expand with additional outlets. Any payments under the notes are non-refundable. You must enter into the Note at the

PROMISSORY NOTE FOR INITIAL FRANCHISE FEES

1. THE PARTIES.

On [Date] [Borrower Name] of [Borrower Address] referred to as the "Borrower",

HAS RECEIVED AND PROMISES TO PAY: CWE America, LLC, a North Carolina limited liability company with a principal place of business located at 445 S. Main Street, 4th Floor, Davidson, North Carolina 28036 (or its successors or assigns) referred to as the "Lender", the sum of [\$972.00/\$278.00] US Dollars referred to as the "Borrowed Money", ~~accruing on the unpaid balance at a rate of [Percentage] per annum, referred to as the "Interest Rate",~~ beginning on [Note Commencement] under the following terms and conditions:

2. PAYMENTS. The full balance of this Note, including any accrued interest and late fees, is due and payable on [Due Date] referred to as the "Due Date". The Borrowed Money shall be repaid via installments every month in the following schedule:

The Borrowed Money shall be repaid via installments on the First of every month beginning on [Date of First Payment] with any remaining balance payable on the Due Date.

If the Lender does not receive payment on-time for any installment there shall be a late payment fee of \$50 (US Dollars) every day payment is late. In addition, money that is not paid on-time for any installment will be charged an ~~Interest Rate~~ interest equal to the lesser of [Percentage] 18% per annum or the highest rate permitted by applicable law beginning the day payment was due and ending when the payment is made.

3. SECURITY. This note shall be secured under the following:

The Borrower agrees to provide their Cartridge World Business franchise rights, the purpose for which this loan was issued, and all related business assets including but not limited to office equipment, lease, phone numbers and customer base, referred to as the "Security", which shall transfer to the possession and ownership of the Lender IMMEDIATELY if this Note should be in default. The Security may not be sold or transferred without the Lender's consent during the course of this Note. If the Borrower breaches this provision, Lender may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

If the Borrower defaults under this Note the Lender shall have the right to obtain ownership and possession of the Security. The Lender shall have the sole-option to accept it as full payment for the Borrowed Money without further liabilities or obligations. If the market value of the Security does not exceed the Borrowed Money, the Borrower shall remain liable for the balance due while accruing interest at the maximum rate allowed by law.

4. INTEREST DUE IN THE EVENT OF DEFAULT. In the event the Borrower fails to pay the note in full on the Due Date, the unpaid principal shall accrue interest at a rate equal to the lesser of [Percentage] 18% per annum or at the maximum rate allowed by law until the Borrower is no longer in default.

5. ALLOCATION OF PAYMENTS. Payments shall be first credited to any late fees due, then to interest due and any remainder will be credited to principal.

6. PREPAYMENT. Borrower may prepay this Note without penalty.

7. ACCELERATION. If the Borrower is in default under this Note or is in default under another provision

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees". Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

B. Item 13, "Trademarks". Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or 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.

F. 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 in connection with the franchise.

G. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

New York FDD Amendment
Amendments to the Cartridge World
Franchise Disclosure Document

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE

14. 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 in connection with the franchise.

15. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the CWE America, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: CWE America, LLC **Franchisee:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated