

employees in a franchise law compliance training program and agreed to offer rescission to three franchisees.

Other than this matter, nothing else is required to be disclosed in this Item

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

Option Fee

If you purchase an Option Agreement, the initial option fee is \$1,000 and is payable when you sign the Option Agreement. If you sign an Option Agreement, you may reserve a Territory for the option period specified in the Option Agreement. We will credit the option fee against your initial franchise fee if you purchase a franchise before the Option Agreement expires.

Initial Franchise Fee

The initial franchise fee is determined before you sign the Franchise Agreement and includes a fixed base fee and a territory fee. The territory fee is determined by a number of factors, including the size and type of territory granted, the number of residential households in the territory and other demographic data.

The Initial Franchise Fee may vary according to the size and type of your Territory. The amount of the Initial Franchise Fee is determined as follows:

Standard Market Service Territory. The base fee is \$15,900 plus a territory fee ranging from \$1,500 to \$60,000 for a territory with a base population greater than 100,000.

Community Market Service Territory. The base fee is \$7,900 plus a territory fee ranging from \$1,500 to \$20,000 for a territory with a base population less than 100,000.

~~The initial franchise fee is payable when the Franchise Agreement is signed. All Initial fees and payments are deferred until such time as you have opened for business.~~

Refunds

All initial fees are non-refundable, except that (i) we will credit the option fee against your initial franchise fee if you purchase a franchise before the Option Agreement expires, and (ii) we will refund the initial franchise fee (less our expenses) if we terminate the Franchise Agreement because you fail to satisfactorily complete the Quick Start training program. Initial franchise fees may not be the same for all franchisees but are determined uniformly. No refunds are available under any other circumstances.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(Column 1) Type of expenditure	(Column 2) Standard Market Amount		(Column 3) Community Market Amount		(Column 3) Method of payment	(Column 4) When due	(Column 5) To whom payment is to be made
	Low	High	Low	High			
Initial Franchise Fee Base Fee – including any applicable option fees (Note 1)	\$15,900	\$15,900	\$7,900	\$7,900	Lump Sum	On signing Franchise Agreement <u>When Opened for Business</u>	Us
Initial Franchise Fee - territory fee (Note 1)	\$1,500	\$60,000	\$1,500	\$20,000	Lump Sum	On signing Franchise Agreement <u>When Opened for Business</u>	Us
Initial Rent & Deposit (Note 2)	\$0	\$1,000	\$0	\$1,000	As Incurred	As Arranged	Lessor
Leasehold Improvements (Note 3)	\$0	\$1,000	\$0	\$1,000	As Incurred	As Arranged	Contractor/ Landlord
Vehicle (Note 4)	\$0	\$350	\$0	\$350	As Incurred	As Arranged	Vendor
Business Licenses and Permits (Note 5)	\$0	\$500	\$0	\$500	As Incurred	When Required	State and Local Agencies
Insurance (Note 6)	\$200	\$3,000	\$200	\$3,000	Varies	As Arranged	Broker or Insurance Company
Initial Printing Supply Package (Note 7)	\$1,500	\$5,000	\$1,500	\$5,000	As Incurred	As Arranged	Approved Suppliers
Legal and Accounting Fees (Note 8)	\$250	\$1,500	\$250	\$1,500	As Incurred	As Arranged	Attorneys & Accountants
Initial Inventory and Equipment (Note 9)	\$8,000	\$20,000	\$8,000	\$20,000	As Incurred	As Arranged	Approved Suppliers
Computer System (Note 10)	\$0	\$500	\$0	\$500	As Incurred	As Arranged	Vendor
Quick Start Training – travel & living expenses (Note 11)	\$1,200	\$1,500	\$1,200	\$1,500	As Incurred	As Arranged	Vendor
Additional Funds for initial 6 month period (Note 12)	\$1,000	\$6,000	\$1,000	\$6,000	As Required	As Needed	Suppliers, Employees, Etc.

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E are our audited financial statements for November 12, 2024 (our opening day). Our fiscal year end each succeeding year is October 31. We have not been in business for three years or more and cannot include all financial statements required in this section.

Item 22

CONTRACTS

Attached to this Disclosure Document as an exhibit are copies of the following contracts:

1. Option Agreement;
2. Franchise Agreement and State Addenda;
3. End User Software License Agreement for our proprietary software;
4. Form of General Release;
5. ACH Authorization Agreement;
6. Credit Card Authorization Agreement; and
7. Promissory Note, Security Agreement, Guaranty Agreement

Item 23

RECEIPT

Attached as the last 2 pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

(a) **Standard Market Territory**

Base Fee of Fifteen Thousand Nine Hundred Dollars (\$15,900.00) plus a Territory Fee ranging from One Thousand Five Hundred Dollars (\$1,500.00) up to Sixty Thousand Dollars (\$60,000.00).

(b) **Community Market Territory.**

Base Fee of Seven Thousand Nine Hundred Dollars (\$7,900.00) plus a Territory Fee ranging from One Thousand Five Hundred Dollars (\$1,500.00) up to Twenty Thousand Dollars (\$20,000.00).

The amount of the Initial Franchise Fee will vary depending upon a number of factors including the size of Service Territory granted, the number of Residential Properties located in the Service Territory, and other demographic data. The amount of the Territory Fee for the Franchised Business subject to this Agreement will be listed in Exhibit A to this Agreement before this Agreement is signed.

(2) **Payment of Initial Franchise Fee**

Payment of the Initial Franchise Fee is due upon ~~execution of this Agreement~~opening of the business by Franchisee and is made by tendering a company check, credit card, automatic bank draft or cashier's check, in the amount of the Initial Franchise Fee (including the applicable Base Fee plus the Territory Fee specified in Exhibit A). The Initial Franchise Fee is fully earned by Franchisor at the time this Agreement is executed by Franchisor and, except as provided in Section 5.B., is non-refundable.

2. **TERM AND RENEWAL**

A. **Term**

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date.

B. **Renewal**

Franchisee shall have the right to renew the Franchise(s) granted pursuant to this Agreement for additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

(1) Franchisee has given Franchisor notice of its intention to renew and has satisfied all conditions to renewal set forth herein on or before the earlier of: May 1 in the fifth (5th) year following the Effective Date of this Agreement or the date which is the fifth (5th) anniversary of the Effective Date.

(2) Franchisee has, during the initial term and any prior renewal term of this Agreement, substantially complied with all its provisions;

FRANCHISEE INITIALS
(By initialing, I acknowledge I have read this page)

**AMENDMENT TO THE DECOR GROUP FRANCHISING LLC
FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

The Decor Group Franchising LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Decor Group Franchising LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.
- b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.
- d. Minn. Stat. Sec. 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 accrues. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- e. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

2. 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 agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or Disclosure Document is hereby amended to delete all references to liquidated damages (which includes the termination fee) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for liquidated damages in the Agreement and/or Disclosure Document shall be admissible as evidence of actual damages.

4. All sections of the Agreement referencing payment by Franchisee of the initial franchise fee upon execution of the Agreement are hereby amended to defer Franchisee's payment of the initial franchise fee until opening of the franchised business.

45. To the extent required by Minnesota Law, the Agreement and/or Disclosure Document is amended to delete all references to a waiver of jury trial.

56. All sections of the Agreement and/or Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

67. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

78. 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.

[Signature page follows]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____, 20__.

FRANCHISOR:

Decor Group Franchising LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____