

## 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 Calgary, Alberta, Canada. 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 Calgary, Alberta, Canada than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business
3. **Inventory Control.** You must make inventory and supply purchases of at least \$2,500 each year, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
4. ~~**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.~~

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.

fully occupies some of FIL's Canadian franchisees. Residential customers constitute a secondary market.

Competition with the Franchised Business consists generally of others engaged in repair and restoration of leathers, vinyls, velours, and plastics. Typically, Franchised Businesses are based out of home offices; however, a variety of other locations could also be suitable.

**Industry-Specific Laws and Regulations.** You must comply with all local, state, and federal laws and regulations that apply to operation of a Franchised Business. Our System involves use of adhesives, water-based dyes and related supplies. As with any product used at work, OSHA regulations and the Federal Right-To-Know Law require that you and your employees or technicians be familiar with the Safety Data Sheet (“SDS”) for these materials. The SDS for these materials is included in the Start-Up Package and online, through our intranet. Normal operation of a Franchised Business may involve disposal of small quantities of unused supplies. As with other products, improper disposal of these materials may result in violation of federal, state and local laws and regulations. We are not aware of any other laws or regulations that are specifically applicable to the franchised business. We encourage you to consult with an attorney concerning these and other laws, regulations and ordinances that may affect operation of your Franchised Business.

## **ITEM 2.** **BUSINESS EXPERIENCE**

Except as otherwise provided below, all positions are in Calgary, Alberta, Canada.

### **Michael Patrick Wilson, C.E.O.**

Michael Patrick Wilson has held the position of CEO since January 2013 for both Fibrenew and Fibrenew International. He remains a Member of the Board of both companies to present. Michael Wilson also has been the President and Director of FIL since November 1994.

### **Russell Lampert, Member of the Board**

Russell Lampert has held the position of Member of the Board since October 2018 for both Fibrenew and Fibrenew International, and is located in Portola Valley, California. From September 2013 to September 2018, he was ~~President~~CFO of both companies. Since 2001, he has been an independent consultant and private investor, providing financial consulting services to venture capital funded high-tech companies and investment management services for real estate and mining partnerships in Portola Valley, California.

### **Jesse Johnstone, President**

Jesse Johnstone has held the position of President since July 2019 for both Fibrenew and Fibrenew International. From August 2017 to June 2019, he was our Vice President of Operations and from January 2014 to July 2017 was our Vice President of

Technology for both companies. Jesse Johnstone has also served as the General Manager of FIL since July 2019.

**Kelly Gregoryk, Member of the Board and Vice President of Administration**

Kelly Gregoryk has held the position of Member of the Board since October 2018 ~~and has.~~ She held the position of Vice President of Administration since from August 2014 to September 2021 for both Fibrenew and Fibrenew International. She also serves as Vice President of Administration for FIL and has done so since September 2021.

**ITEM 3.  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.  
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5.  
INITIAL FEES**

**Initial Franchise Fee**

- (a) If you are purchasing a new FIBRENEW® Service franchise, then when you sign the Franchise Agreement, you will pay us an initial franchise fee of \$47,000. The initial franchise fee is not refundable.
- (b) If you are renewing an existing FIBRENEW® Service franchise, then we will not charge you an initial franchise fee. However, you must pay us the renewal processing fee of \$500. The renewal processing fee is not refundable.
- (c) If you are a buyer in a Resale (defined and described in Item 6, Note 3), then we will not charge you an initial franchise fee.

**Start-Up Fee**

- (a) If you are purchasing a new FIBRENEW® Service franchise, then when you sign the Franchise Agreement, you will also pay us a start-up fee of \$42,000. The start-up fee is for reimbursement of our legal and administrative costs and classroom training costs, and for the purchase of the start-up package (which includes a mobile tablet device, a color recognition kit and an initial supply of all required Fibrenew products and supplies), as well as any of our legal expenses, selling and administrative costs, initial and post-sales training costs for 2 individuals in-person (but not travel and living expenses) or 3 individuals online. This fee is not refundable.

of the color recognition device and technical support we provide through our online library of technical materials and discussion board.

10. Business Licenses / Permits. You must obtain all necessary permits and licenses required by applicable law before you begin the Franchised Business. In most states, registration with the state or county where you will operate the FIBRENEW® Service franchise of the Fibrenew “dba” name is required. A copy of any registered dba name must be submitted to Fibrenew (via email). You should refer to the local law requirements where you will operate your Franchised Business.
11. Office or Storage Area. The vast majority of our franchisees operate the franchised business out of their vehicle with a home office. If you are unwilling or unable (for example, due to local laws) to operate the franchised business from your vehicle with a home office, you will need to have an adequate site for your Service base. Sites outside of the home must be approved by Fibrenew and may only be located within your own Exclusive Territory. Similarly, if you are unwilling or unable (for example, due to local laws) to park your work vehicle at your home, you will need to have a storage site for your vehicle. ~~Due to local variations in rent, we are unable to accurately estimate a reasonable range of rent expenses.~~
12. Marketing. You must spend the then-current monthly minimum expenses (currently \$200) with Google AdWords or other approved supplier to market your Franchised Business. We will coordinate your Google AdWords marketing, but you will pay Google or another approved supplier directly. The estimate is for 6 months at the minimum monthly rate.
13. Additional Funds. This category includes miscellaneous expenses incurred during the first 6 months of the Franchised Business operations, such as unanticipated start-up costs. We relied on our experience in operating and franchising similar businesses in Canada in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary. This amount is an estimate, and it does not include any personal or business debt service payments, rent or other living expenses.
14. We do not finance any of these expenses. None of these expenses are refundable.

## ITEM 8.

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Approved Items, Services and Suppliers.** To ensure uniformity and quality of services by all franchisees, you must purchase certain items and services (including vehicle signs) according to our specifications. These specifications may include

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

California Business and Professions Code §§ 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete ~~that~~which extends beyond the termination of the franchise. ~~This provision may not be enforceable~~A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California lawBusiness and Professions Code Section 16600.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A SPECIAL DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

The franchise agreement requires application of the laws of Alberta. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration in Calgary, Alberta, with the costs being borne by the unsuccessful party. 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, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Any provision in the franchise agreement soliciting the franchisee to waive any rights granted under California Corporations Code 31512 is void.

We will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and your FIBRENEW® Service is open for business.

## **ILLINOIS**

The following language is added to the last paragraph of Items 5 and 7 of the disclosure document:

~~Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your FIBRENEW® Service. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.~~

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

The franchise agreement provides for termination upon bankruptcy. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U.S. Code Section 101.

Illinois Law governs 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 in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring a 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.

See the last page of this Exhibit 1 for your required signature.

## **INDIANA**

The first sentence of the first paragraph of Section 8.5 of the Franchise Agreement is amended to read as follows:

The following sentence is added to the “Remarks” column of the line-item titled “NSF Fee” in Item 6 of the Franchise Disclosure Document:

The highest service charge allowed under Minnesota law is \$30.

Amendments to Item 17 of the disclosure document:

17u. The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

17w. The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

17g. With respect to franchises governed by Minnesota law, the ~~franchisor~~franchisor will comply with ~~Minn. Stat. Sec.~~Minnesota Statute 80C.14, Subds. 3, 4, and 5 which require, ~~(except in certain specified cases,)~~ that 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 will not be unreasonably withheld.

17c and 17m. The Franchise Agreement requires you to sign a general release as a condition of renewing or transferring a franchise. Minn. Rule 2860.4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

17u. of the disclosure document and Section 11.9 of the Franchise Agreement is amended to read as follows:

You recognize that you are a member of a Franchise Network and that your acts and omissions may have a positive or negative effect on the success of other businesses operating in association with the Marks. Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Fibrenew and to some or all of its other franchisees. For this reason, you agree that if Fibrenew can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of the Franchise Agreement, Fibrenew will be entitled to seek an injunction restraining the breach and/or to a decree of specific performance until a final determination is made by an arbitrator.

17u of the disclosure document and Section 11.10 of the Franchise Agreement says that you may not maintain any action against Fibrenew unless you a) follow the mediation procedures of the franchise agreement and b) you begin an arbitration proceeding within 1 year after the notice. Under Minnesota law, Statute 80C.17 states that any claims arising under § 80C must be brought within 3 years after the cause of action accrues. Therefore, in Minnesota the agreements are amended to provide for a 3-year period within which to bring any Minnesota claims. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 13 of the FDD is hereby amended to state that franchisor will protect franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbol or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

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

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.

## **NEW YORK**

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 SOURCES OF INFORMATION.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make payments contained in the disclosure document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.

## **VIRGINIA**

Item 17.h. of the Disclosure Document is amended to add the following: Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~Item 5 of the Disclosure Document, “Initial Fees,” shall be amended by adding the following:~~

~~The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.~~

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

The following language has been added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or franchise disclosure document, and (b) is open for business.

The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

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

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.

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.

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**ASSURANCE OF DISCONTINUANCE  
STATE OF WASHINGTON**

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

**EXHIBIT C-1 TO  
FRANCHISE DISCLOSURE DOCUMENT**

***FIBRENEW FRANCHISE AGREEMENT***

**No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

## **ARKANSAS**

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Arkansas:

1. Any provision of the Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by the Arkansas Franchise Practices Act is void to the extent that the provision violates this law.

## **CALIFORNIA**

~~Notwithstanding anything to the contrary in the Agreement, the~~The following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. ~~4.~~—Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that the contractual provision violates this act.

2. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

## HAWAII

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. The following language is added to the end of Section 6.1 of the Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and your FIBRENEW® Service is open for business.

2. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

## ILLINOIS

~~Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:~~

- ~~1. The following language is added to the end of Section 6.1 of the Agreement:~~

~~Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your FIBRENEW® Service. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.~~

21. Illinois law governs the Franchise Agreement.

32. 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.

43. Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

54. 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.

5. 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.

## **INDIANA**

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Agreement, or Alberta law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under that law as including any material breach of the Agreement, will supersede the provisions of Section 10 of the Agreement to the extent Section 10 may be inconsistent with such prohibition.
3. Any provision in the Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. Section 8.6 of the Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

## **IOWA**

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Iowa:

1. Any provision in the Agreement which would result in your waiver of any rights under Iowa Business Opportunity Promotions Law prior to or at the time of execution of the Agreement is void to the extent that such provision violates such law.

## **LOUISIANA**

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Louisiana:

4. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

5. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

## **VIRGINIA**

~~Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the Commonwealth of Virginia:~~

~~1. The following paragraph is added to Section 6.1 of the Agreement:~~

~~The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.~~

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The following paragraph is added to Section 6.1 of the Agreement:  
In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or franchise disclosure document, and (b) is open for business.
2. The following is added to the end of the 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.

3. 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.

## **WISCONSIN**

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Agreement that are inconsistent with that law.

**[Signature Page Follows]**

**EXHIBIT E TO  
FRANCHISE DISCLOSURE DOCUMENT**

**State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending December 13, 2024
Illinois	December 4, 2024
Indiana	December 4, 2024
Maryland	Pending December 30, 2024
Michigan	Pending December 11, 2024
Minnesota	Pending
New York	Pending December 12, 2024
North Dakota	Pending January 2, 2025
Rhode Island	Pending December 29, 2024
South Dakota	Pending December 4, 2024
Virginia	Pending December 4, 2024
Washington	Pending
Wisconsin	December 4, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.