

## 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 Wyoming. 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 Wyoming than in your own state.
2. **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."
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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 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**

Franchise Fee

When you sign your franchise agreement, you must pay us \$60,000 as the initial franchise fee. This fee is uniform and is not refundable.

Fee Deferral

Franchisor will defer all Franchise Fees until the Franchisor has delivered pre-opening obligations and the Franchisee is open for business.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$52,000 for each additional franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. They are uniform and not refundable.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	\$3,000 per month or 6% of your Total Collections, whichever is greater	Monthly, by the 15th of the following month	See Note 1 and Note 2.
Replacement / Additional Training fee	Currently, \$1,000 per day plus travel and expenses if the support is required to be onsite.	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.

## Notes

1. Franchisor will defer all Franchise Fees until the Franchisor has delivered pre-opening obligations and the Franchisee is open for business. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. Typically, the locations where the business will be operated are flex, mix-use office/warehouse locations. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. The leasehold improvements will vary depending on the cost of construction, the condition of your space when you first move into the space along with the size of your space. Typically the locations will be 3,000 to 4,000 square feet in size. The low end of the investment range assumes there is very little work needed to have the space be prepared and ready for operation and the high end assumes more construction work is needed.

4. The market introduction program is advertising dollars spent primarily for a grand opening and to promote your new location in your community. We will provide you with the marketing plan and the media placements where this will be targeted and how the advertising will be spent.

5. The Furniture, Fixtures and Equipment consist of basic office and classroom furniture and fixtures to establish and set up the facility. These will be purchased through our approved supplier and according to our standards and specifications.

6. The Computer Systems includes both the hardware and software subscriptions you will need to operate and open the franchised business. The specific computer systems are detailed in Item 11.

7. The cost of insurance accounts for your initial deposit for your insurance coverage or payment in full. The specific insurance and amounts you will need for the business are included in Item 8.

8. You must use a vehicle appropriate for your business with our branded logo/wrap. It must be in excellent or better condition, clean, dent-free, and otherwise presenting a professional appearance. The low-end estimate assumes you lease a new van for the operation, the high end assumes you pay cash for a van to be used in the business. You will also use personal vehicles for the operation of the business, we have assumed that you have a personal vehicle and will not need to purchase one for the business start up.

9. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other

## ARTICLE 1. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

Franchisor will defer all Franchise Fees until the Franchisor has delivered pre-opening obligations and the Franchisee is open for business.

**4.2 Royalty Fee.** Franchisee shall pay Ultimate Sustainability Group a monthly royalty fee (the “Royalty Fee”) equal to 6% of Total Collections or \$3,000, whichever is greater. The Royalty Fee for any given month is due on the 15th of the following month.

**4.3 Replacement / Additional Training Fee.** If Franchisee sends an employee to Ultimate Sustainability Group’s training program after opening, Ultimate Sustainability Group may charge its then-current training fee. As of the date of this Agreement, the training fee is \$1,000 per day plus travel and expenses if the support is required to be onsite.

**4.4 Non-Compliance Fee.** Ultimate Sustainability Group may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to Ultimate Sustainability Group) which Franchisee fails to cure after 30 days’ notice. Thereafter, Ultimate Sustainability Group may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Ultimate Sustainability Group’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of Ultimate Sustainability Group’s other rights and remedies (including default and termination under Section 14.2).

**4.5 Reimbursement.** Ultimate Sustainability Group may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If Ultimate Sustainability Group does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Ultimate Sustainability Group within 15 days after invoice by Ultimate Sustainability Group accompanied by reasonable documentation.

### **4.6 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Fund Contribution, and any other amounts owed to Ultimate Sustainability Group by pre-authorized bank draft or in such other manner as Ultimate Sustainability Group may require. Franchisee shall comply with Ultimate Sustainability Group’s payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Total Collections to Ultimate Sustainability Group by the 5th of the following month. If Franchisee fails to report monthly Total Collections, then Ultimate Sustainability Group may withdraw estimated Royalty Fees and Brand Fund Contributions equal to 125% of the last Total Collections reported to Ultimate Sustainability Group, and the parties will true-up the actual fees after Franchisee reports Total Collections. Franchisee acknowledges that Ultimate Sustainability Group has the right to remotely access Franchisee’s point-of-sale system to calculate Total Collections.

## EXHIBIT C

### MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Ultimate Sustainability Group, LLC, a Wyoming Limited Liability Company (“Ultimate Sustainability Group”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, Ultimate Sustainability Group and Franchisee have entered into a Franchise Agreement for the franchise of an Ultimate Sustainability business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Ultimate Sustainability Group and Franchisee desire that Franchisee develop multiple Ultimate Sustainability businesses.

#### 1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Ultimate Sustainability businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1		1	\$ _____
2		2	\$ _____
3		3	\$ _____
4		4	\$ _____
5		5	\$ _____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Ultimate Sustainability Group. The Initial Franchise Fee is non-refundable.

Franchisor will defer all Franchise Fees until the Franchisor has delivered pre-opening obligations and the Franchisee is open for business.

**2. Form of Agreement.** For Store #1, Franchisee and Ultimate Sustainability Group have executed the Franchise Agreement simultaneously with this MUDA. For each additional Ultimate Sustainability franchise, Franchisee shall execute Ultimate Sustainability Group’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate an Ultimate Sustainability business, and Franchisee acknowledges that Franchisee may construct,

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols 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 considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- 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.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- 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.

## MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Ultimate Sustainability Group, LLC, a Wyoming Limited Liability Company ("Ultimate Sustainability Group") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor 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 Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols 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 considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

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.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

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.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

ULTIMATE SUSTAINABILITY GROUP, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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