

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in the then-current city of our principal business office, which is currently Fort Worth, Texas. 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 a state other 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. **Unopened Franchises:** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

**CHILDREN’S LIGHTHOUSE FRANCHISE AGREEMENT  
ILLINOIS ADDENDUM**

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1-44 (“Act”), Childrens Lighthouse Franchise Company (“**Franchisor**”) and the undersigned Franchisee, hereby amend, as follows, the Franchise Agreement by entering into this Children’s Lighthouse Franchise Agreement Illinois Addendum (“**Addendum**”) at the same time the parties are entering into the Franchise Agreement:

1. If the Franchise Agreement requires that it be governed by a state’s law, other than the state of Illinois, to the extent that such law conflicts with the Act (including judicial decisions interpreting the Act), Illinois law will govern.

2. In conformance with Section 4. of the Act, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void; except that arbitration may take place outside of Illinois.

3. Franchisee’s rights upon termination or non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Act.

4. In conformance with section 41 of the Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void; as long as such franchise is subject to the Act or other Illinois law.

~~5. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Addendum. This Addendum will have no force or effect if such jurisdictional requirements are not met.~~

~~6. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law.~~

7. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~8. All other provisions of the Franchise Agreement are hereby ratified and confirmed.~~

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**  
Childrens Lighthouse Franchise Company

**FRANCHISEE:**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_