

## FRANCHISE DISCLOSURE DOCUMENT

**ALSET AUTO DEVELOPMENT LLC**  
An Oregon limited liability company  
135 NE 12<sup>th</sup> Avenue  
Portland, Oregon 97232  
503-255-6666  
info@alsetauto.com  
[www.alsetauto.com](http://www.alsetauto.com)



The franchisee will operate an automotive paint protection business that offers, among other things, paint protection, ceramic coating and window tinting services for Tesla<sup>®</sup> vehicles.

The total initial investment necessary to begin operation of the ALSET business ranges from \$98,244 - ~~\$171,994~~174,794. This includes \$57,000 to \$62,000 that must be paid to us or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: **December 14, 2023**

The market for automotive paint protection is developed, and automotive detailing businesses are highly competitive. You will compete with businesses, including national, regional and local businesses, offering products and services similar to those offered by your ALSET Auto Franchised Business including other car detailing outlets and body shops. There are other franchises, as well as independent businesses throughout the United States that may offer similar products and services to those offered by your Franchised Business. ~~The demand for the products and services offered by your Franchised Business are also affected by changes in demographics and economic conditions.~~

### **Industry Specific Regulations:**

You must comply with all best practices and environmental laws regarding the use, storage and disposal of paint protection and ceramic solutions. You must comply with all best practices and health and sanitation laws, rules and regulations regarding the use, maintenance and cleaning of your work stations and tools. We may require you to upgrade the ventilation systems at your premises due to the use of paint protection and ceramic solutions and other products to ensure adequate air quality, and there may be laws, rules or regulations in your Territory that set minimum ventilation standards.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, employment, health, sanitation and workplace safety laws. ~~Your advertising of the Franchised Business is regulated by the Federal Trade Commission.~~ There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

## **ITEM 2: Business Experience**

### **CEO: Phil Bunting**

Phil Bunting has been our Chief Executive Officer since September 2020. He is also the Chief Executive Officer of our affiliate, Alset Auto, LLC, since May 2019 as well as the Vice President of Operations for GFBUNTING + CO in Los Angeles, CA, since August 2011.

### **COO: Marcus Brown**

Marcus Brown has been our Chief Operating Officer since September 2020. He is also the Chief Operating Officer of our affiliate, Alset Auto, LLC, since May 2019, as well as the Owner and Chief Operating Officer of Realty One Group Prestige in Portland, Oregon, since May 2017. From January 2010 to May 2017, Marcus worked as Owner and Chief Executive Officer of Marcus Brown Properties in Portland, Oregon.

## **ITEM 3: Litigation**

No litigation is required to be disclosed in this Item.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Professional Fees <sup>13</sup>	\$1,000 - \$3,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising Fee	\$2,000	Lump sum	Prior to attendance at the Initial Management Training Program	Us
Supplemental Grand Opening Advertising Expenditures	\$3,000 - \$5,000	As required by supplier	As required by supplier	Suppliers
Marketing Platform Setup Fee <sup>14</sup>	\$5,000	Lump sum	Upon signing the Franchise Agreement.	Us
Insurance <sup>15</sup>	\$1,500 - \$3,000	As required by insurer	Before opening	Insurer
Operating Expenses / Additional Funds – 3 months <sup>16</sup>	\$17,500 - \$38,000	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
<b>TOTAL</b>	<b>\$98,244 - \$171,994</b>			<b>174,494</b>

<sup>1</sup> Please see Item 5, which provides information about incentive programs that may offer a discount on the Initial Franchise Fee.

<sup>2</sup> The cost of the Initial Training Program for up to three (3) individuals is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is approximately 30 hours. This estimate does not include employee wages.

<sup>3</sup>We anticipate that you will rent the premises for your ALSET Auto outlet. This estimate includes a one (1) month deposit of rent for approximately 6,000 square foot premises located in a light industrial area. Rental rates may be more or less than this range depending on the location of your Franchised Business. You may also incur real estate broker fees, additional prepayments (e.g., first and/or last month's rent) or other costs, depending on the terms of your lease. Pre-

~~assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement.~~ It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

<sup>14</sup> You are required to pay us a Marketing Platform Setup Fee of \$5,000 for the establishment of a unique website, social media platforms, and Google AdWords on behalf of your Franchised Business.

<sup>15</sup> Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance in the amount of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate; property and casualty insurance of at least \$1,000,000 or an amount to cover the full replacement value of your leasehold improvements, equipment, furniture, fixtures, and inventory, whichever is greater; business interruption insurance in an amount necessary to satisfy your obligations under your franchise agreement for at least twelve (12) months; statutory worker's compensation insurance in the limits required by state law; employer practices liability insurance in the amount of \$1,000,000; and comprehensive automobile liability insurance of at least a combined single limit for bodily injury and property damage of \$1,000,000. Each policy must be written by a responsible carrier or carriers acceptable to us, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. The estimate represents the cost of the annual premium of the required minimum coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

<sup>16</sup> This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, software fees, technology fees, local advertising expenses, repairs and maintenance, bank charges, music fees, initial staff recruiting expenses, and other miscellaneous items.

We relied upon the experience of our affiliate-owned ALSET Auto outlet to compile these estimates. ~~You should review these figures carefully with a business advisor before making any decision to invest in the franchise.~~ We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We have identified various suppliers, distributors and manufacturers of certain equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase designated inventory, equipment, your vehicle, payment processing hardware and software, from our approved suppliers and contractors or in accordance with our specifications.

You must purchase all paint protection films, ceramic coatings, detailing products, compounds, buckets, sponges, and micro-fiber towels required to open and operate your Franchised Business

We and our affiliates may sell products and services under the Mark within or outside the Territory through any method of distribution other than a dedicated ALSET Auto outlet location, such as distribution through retail outlets, including but not limited to, automotive dealerships, automotive body shops, and the Internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of ALSET Auto products or services through Alternate Distribution Channels.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will provide a website to you, which you may use for marketing and promotional purposes. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may collaterally extend beyond your Territory.

**ITEM 13: TRADEMARKS**

Our owner Philip Bunting is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of an ALSET Auto outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your ALSET Auto outlet under the ALSET Auto service marks, as described below (“Principal Marks”):

Mark	Registration Number	Registration Date	Register
Alset Auto	6281160	March 2, 2021	Principal

We have filed all required affidavits.

We also license to you the following Principal Mark:



Please note that this mark displayed above and on the cover page of this document is a stylized version of our registered trademark, however the image is not registered with the USPTO as the mark in the table is. With regard to this Mark only, we do not have a federal registration for this trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Marks or other Marks. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Marks or other Marks. We have the right to control any administrative proceedings or

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation only at our headquarters located in Portland, Oregon.
v.	Choice of forum	Section 20.3	Litigation takes place in Oregon (subject to applicable state law)
w.	Choice of law	Section 20.3	Oregon law applies (subject to applicable state law)

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

**ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item contains a historic financial performance representation of our affiliate-owned outlets from October 1, 2022 through September 30, 2023. These outlets are based in Portland, OR and Seattle, WA and are operated by our affiliate, ALSET, LLC. The results of our affiliate-owned outlet in Redmond, Washington are not included because it was not operational for the full reporting period. Our affiliate-owned outlets do not pay the royalty fees or brand-fund contributions that franchised outlets are required to pay.

This Item also contains a historic financial performance representation of 1 of our 2 franchisee-owned outlets. The only outlet operational for at least twelve months as of September 30, 2023 is located in Dallas, TX. The other Other franchisee-owned outlets have been omitted as they have not been operational for the full reporting period.

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**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System-wide Outlet Summary  
For Years 2021 to 2023**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	1	+1
	2022	1	2	+1
	2023	2	912	+710
Company – Owned*	2021	1	2	+1
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	1	3	+2
	2022	3	4	+1
	2023	4	413	+710

\* Company-owned stores are operated by affiliated entities.

**Table No. 2**

**Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2021 to 2023**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Arizona	0	0	0
California	<u>0</u> <u>1</u>	3	0
Colorado	0	1	0
<u>Florida</u>	<u>1</u>	<u>0</u>	
Nevada	0	1	0
<u>North Carolina</u>	<u>1</u>	<u>0</u>	<u>0</u>
Texas	0	1	0
<b>Total</b>	<b>0</b> <b>3</b>	<b>6</b>	<b>0</b>

\* Company-owned stores are operated by affiliated entities.

Exhibit E lists the location of each ALSET Auto franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

## ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C are our audited financial statements as of September 30, 2021, September 30, 2022 and September 30, 2023. Also included in Exhibit C are our unaudited financial statements as of March 31, 2024.

Our fiscal year end is September 30.

## ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory, Minimum Performance Standards, General Release, ACH Authorization, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Spouse Guaranty, Telephone, Internet, and Social Media Listing Assignment Agreements, and Confidentiality and Non-Compete Agreement). Included in Exhibit G is the Alset Auto Acknowledgement Statement.

## ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit G. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Marcus Brown, 135 NE 12<sup>th</sup> Avenue, Portland, Oregon 97232.

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

ITEM 5 of the Disclosure Document is amended to add the following:

“A Surety Bond has been obtained by the Franchisor to assure its financial capabilities to its franchisee; the Bond is on file with the office of the Illinois Attorney General, and was imposed by the Office of Illinois Attorney General due to the Franchisor’s financial condition.”

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.

## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement.

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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

A Surety Bond has been obtained by the Franchisor to assure its financial capabilities to its franchisee; the Bond is on file with the office of the Illinois Attorney General, and was imposed by the Office of Illinois Attorney General due to the Franchisor's financial condition

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.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Alset Auto franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.
2. Item 17 is amended to state:
  - (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
  - (b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.
  - (c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
  - (d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
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
4. The following Risk Factor has been added to the Special Risk Factor page of this Franchise Disclosure document:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$98,244 to \$171,994. This amount exceeds the franchisor's negative stockholders' equity as of September 30, 2023, which is \$-47,160.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH  
MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES**

**NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

[Signature Page to Follow]

8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Alset Auto Development, LLC

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MINNESOTA**

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 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

3. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J).

4. The following Risk Factor has been added to the Special Risk Factor page of this Franchise Disclosure document:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$98,244 to \$171,994. This amount exceeds the franchisor's negative stockholders' equity as of September 30, 2023, which is \$-47,160.

**AMENDMENT TO THE  
ALSET AUTO DEVELOPMENT, LLC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Alset Auto Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.”

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

\_\_\_\_\_

ALSET AUTO DEVELOPMENT, LLC

\_\_\_\_\_

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

\_\_\_\_\_

(Print Name, Title)

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

(Print Name, Title)

\_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

\_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

\_\_\_\_\_

**NEW YORK ADDENDUM TO 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 FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently

effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for a franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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.

The following risk factor is added for VA franchisees.

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$98,244 - \$171,994. This amount exceeds the franchisor’s stockholder’s equity as of September 30, 2022, which is \$67,064.

The following statements are added to Item 5.

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.

The following statements are added to Item 17.h.

Pursuant to 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

~~**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$98,244 - \$171,994. This amount exceeds the franchisor’s stockholder’s equity as of September 30, 2022, which is \$67,064.~~

**AMENDMENT TO THE ALSET AUTO DEVELOPMENT LLC  
FRANCHISE AGREEMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the requirements of the Virginia State Corporation Commission’s Division of Securities and Retail Franchising, the parties to the attached Alset Auto Development, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.
2. 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

IN WITNESS WHEREOF, the parties hereto have duly executed this Virginia Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

\_\_\_\_\_  
FRANCHISOR:  
\_\_\_\_\_  
ALSET AUTO DEVELOPMENT, LLC  
\_\_\_\_\_  
By: \_\_\_\_\_  
\_\_\_\_\_  
Phil Bunting , Chief Executive Officer  
\_\_\_\_\_  
(Print Name, Title)

\_\_\_\_\_  
FRANCHISEE:  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
\_\_\_\_\_  
(Print Name, Title)

\_\_\_\_\_  
PRINCIPAL:  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
PRINCIPAL:  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

**EXHIBIT G**

**\*DO NOT SIGN IF THE FRANCHISEE IS A MARYLAND RESIDENT OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF MARYLAND\***

**ALSET AUTO ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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.**

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

## STATE EFFECTIVE DATES – 2024

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	<del>Pending</del> Approved
Illinois	Pending
Maryland	Pending
Minnesota	Pending
New York	January 10, 2024
Virginia	January 26, 2024
Washington	Pending

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.