



FRANCHISE DISCLOSURE DOCUMENT BOXDROP LLC

an Ohio limited liability company
Part of the Retail Service Systems, Inc., family of companies
6221 Riverside Drive, #2N, Dublin, OH 43017
Telephone: (614) 965-3981
support@boxdropdirect.com
www.boxdropdirect.com
www.retailservicesystems.com

If you sign a franchise agreement, we will grant you the right to develop, own, and operate a retail business under the “BoxDrop®” name (the “**BoxDrop Business**”) that sells either mattresses and bedding products, (a “**Mattress Only Business**”) or mattresses and bedding products along with additional furniture products such as sofas and other home furnishings (a “**Mattress and Sofa Business**”) some of which consist of our private label products and some which are manufactured by authorized manufacturers that we make available to our franchisees from time to time.

The total investment necessary to begin operation of a new Mattress Only Business franchised BoxDrop Business is between \$67,000 to \$115,900. This total investment includes a minimum amount totaling \$38,900 to \$53,900 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a new Mattress and Sofa Business franchised BoxDrop Business is between \$126,000 to \$202,400. This total investment includes a minimum amount totaling \$63,900 to \$77,400 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a converted BoxDrop franchised BoxDrop Business for a Mattress Only Business is between \$25,000 to \$44,500. This total investment includes a minimum amount totaling \$0.00 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a converted BoxDrop franchised BoxDrop Business for a Mattress and Sofa Business is between \$52,000 to \$90,500. This total investment includes a minimum amount totaling \$0.00 that must be paid to the franchisor or an affiliate.

If you acquire the right to develop a number of BoxDrop Businesses under a Development Rights Agreement, the initial development fee is 100% of the initial franchise fee (\$15,000) for the first location, plus seven thousand five hundred dollars (\$7,500) for each additional location that you agree to open under the Development Rights Agreement.

State	State Agency	Agent for Service of Process
	Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg. 1 st Floor Lansing, MI 48933 (517) 373-7117	Attorney General Consumer Protection Division
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651)- 539-1638 539-1600	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue, 6th Fl Albany, NY 12231
NORTH DAKOTA	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department
RHODE ISLAND	Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9500 x5	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Director of the South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising	Clerk, Virginia State Corporation Commission Tyler Building, 1st Floor

**ADDENDUM TO THE
BOXDROP LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO THE EXECUTION OF AN AGREEMENT.

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this Disclosure Document is subject to any currently effective order or 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.

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

The Franchise Agreement provided for termination upon bankruptcy. A provisions in a Franchise Agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (Title 11, U.S. Code Section 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires that all disputes between us and you be handled in litigation which will occur in Franklin County, Ohio. Prospective 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.

The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a Disclosure Document approved by the Commissioner of Corporations before the Franchisor asks the Franchisee to consider a material modification of its franchise agreement. You are entitled to a summary of any negotiated changes for a California franchise within the past 12 months immediately before your sale.

The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and transfer. California Corporations Code Section 31512 voids a waiver of your rights under the

**ADDENDUM TO THE
BOXDROP LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF ILLINOIS

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

~~The Illinois Attorney General's Office requires that the Franchisor defer the collection of all initial fees listed in Item 5 of the Disclosure Document from Illinois franchisees until the Franchisor has completed and fulfilled all its pre-opening obligations to the franchisee and the franchisee is open for business. Therefore, you will not be required to pay any fees listed in Item 5 of the Franchise Disclosure Document until your franchise has opened for business. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.~~

Item 17 of this Disclosure Document is supplemented by the addition of the following paragraphs at the end of the chart:

Illinois law governs the Franchise Agreement.

The conditions under which your franchise may be terminated or not renewed may be affected by Illinois law, 815 ILCS §§ 705/19 and 705/20. Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41.

In conformance with Section 4 of the Illinois Franchise Disclosure Act of 1987, 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.

In conformance with Section 41 of the Illinois Franchise Disclosure Act of 1987, 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.

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.

**ADDENDUM TO THE
BOXDROP LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF INDIANA

Nothing in this Disclosure Document or the Franchise Agreement is intended to be contrary to the provisions of the “Deceptive Franchise Practices” law of Indiana, which is contained in Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 as amended (“Indiana Franchise Practices Law”). In the event of any conflict between any provision of the Franchise Agreement and the Indiana Franchise Practices Law the Indiana law will control, but in that case, the provision of the franchise agreement affected will be limited only to the extent necessary to bring it within the requirement of the law and, to that extent, that provision shall be deemed to have been omitted from the Franchise Agreement as of the date of execution of the Franchise Agreement. This will not affect the validity of any remaining portion of the Franchise Agreement.

requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Minn. Stat. Sec. 80C.17, Subd 5, states that any and all claims arising out of or relating to this Agreement or our relationship will be barred unless a legal proceeding is commenced within three (3) years from when the cause of action accrued. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Further, you cannot consent to us obtaining injunctive relief; but, we may seek injunctive relief.

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.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
BOXDROP FRANCHISE AGREEMENT**

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Addendum (“Addendum”) to the Franchise Agreement (“Agreement”) is entered to this ____ day of _____, 20____, between **BOXDROP, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”).

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The provisions of this ~~Rider~~Addendum form an integral part of, and are incorporated into, the Agreement. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this ~~Rider~~Addendum, the provisions of this ~~Rider~~Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.A of the Agreement is hereby amended by adding the following to the end of such section:

“The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees and payments from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. We will have been deemed to have completed our pre-opening assistance obligations once we have designated your Territory, provided you access to the Operations Manual, approve your Approved Site, provide the Initial Training Program (if required), and sell you the Initial Inventory Package of Products. Upon completion of the foregoing items your payment for the Initial Inventory Package of Products shall be due and payable to us upon the grand opening of your BoxDrop Store. You shall pay us for the order of such Products within three (3) business days of your grand opening. In the event your BoxDrop Store does not open, for any reason, you must return, or make available for pick-up, all Product inventory received in the Initial Inventory Package within three (3) business days of written request from us. You acknowledge that you will not own title to the Products within the Initial Inventory Package of Products until you have paid us for such inventory.”

3. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, provide rights to the Franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

4. The Franchise Agreement is amended to state that any interest rate charged on past due amounts will be the highest contract rate of interest allowed by California law or the rate specified in the Franchise Agreement, whichever is less.
5. Capitalized Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Franchise Agreement.
6. Effect of ~~Rider~~Addendum. Each provision of this ~~Rider~~Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Relations Act applicable to the provision are met independent of this ~~Rider~~Addendum. This ~~Rider~~Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURE PAGE TO FOLLOW]

ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS

This Addendum (“Addendum”) to the Franchise Agreement (“Agreement”) is entered to this ____ day of _____, 20____, between **BOXDROP, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”).

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The provisions of this ~~Rider~~Addendum form an integral part of, and are incorporated into, the Agreement. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this ~~Rider~~Addendum, the provisions of this ~~Rider~~Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

~~2. Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition. Therefore, the Agreement is amended to state that all fees which are required to be paid by you to us prior to the opening your BoxDrop Store will be delayed and deferred until your BoxDrop Store has opened. We will have been deemed to have completed our pre-opening assistance obligations once we have designated your Territory, provided you access to the Operations Manual, approve your Approved Site, provide the Initial Training Program (if required), and sell you the Initial Inventory Package of Products. Upon completion of the foregoing items your payment for the Initial Inventory Package of Products shall be due and payable to us upon the grand opening of your BoxDrop Store for retail sales to the public. You shall pay us for the order of such Products within three (3) business days of your grand opening. In the event your BoxDrop Store does not open, for any reason, you must return, or make available for pick-up, all Product inventory received in the Initial Inventory Package within three (3) business days of written request from us. You acknowledge that you will not own title to the Products within the Initial Inventory Package of Products until you have paid us for such inventory.~~

2. ~~3.~~ Section 16.F. **Interpretation**, is amended to add the following to the end of such section:

“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.”

3. ~~4.~~ Section 18.A, **Governing Law**, and Section 18.B, **Submission to Jurisdiction**, are amended to add each of the following:

“Illinois law governs the Franchise Agreement.

In conformance with ~~the~~ Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration may take place outside of Illinois.

~~Your rights upon Termination and Non-Renewal of an agreement are set forth in~~ Section 19 ~~and 20~~ of the Illinois Franchise Disclosure Act sets forth the conditions and notices requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

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.”

[SIGNATURE PAGE TO FOLLOW]

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

BOXDROP, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

[Name] _____

By: _____

Name: _____

Title: _____

ADDENDUM TO THE DEVELOPMENT RIGHTS AGREEMENT
FOR THE STATE OF ILLINOIS

This Addendum (“Addendum”) to the Development Rights Agreement (“Agreement”) is entered to this _____ day of _____, 20____, between **BOXDROP, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”).

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

4. The provisions of this Addendum form an integral part of, and are incorporated into, the Agreement. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

5. Section 14. **Entire Agreement; Construction**, is amended to add the following to the end of such section:

“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.

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 the State of Illinois is void. However, a franchise agreement may provide for arbitration may take place outside of Illinois.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notices requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

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

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Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

BOXDROP, LLC

~~FRANCHISEE~~DEVELOPER

By: _____

Name: _____

Title: _____

[Name]

By: _____

Name: _____

Title: _____

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8. Section 18.A, **Governing Law**, and Section 18.B, **Submission to Jurisdiction**, are amended to add the following:

“Pursuant to Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, and subject to your arbitration obligations, this section shall not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota and the right to bring a cause of action within three years after the cause of action accrues. You cannot be required to consent to the waiver of a jury trial.
”

9. Section 18.E, **Limitations**, is amended to add the following:

“Regardless of the foregoing, pursuant to Minnesota Statutes Section 80C.17, Subd 5, any and all claims arising out of or relating to this Agreement or our relationship will be barred unless a legal proceeding is commenced within three (3) years from when the cause of action accrued.”

10. Section 20, **Acknowledgments**, is amended to add the following:

“(D) 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.”

[SIGNATURE PAGE TO FOLLOW]

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

This Addendum to the Franchise Agreement (“Addendum”) is entered to this ____ day of _____, 20____, between **BOXDROP, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and the parties wish to amend the Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The provisions of this ~~Rider~~Addendum form an integral part of, and are incorporated into, the Agreement. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this ~~Rider~~Addendum, the provisions of this ~~Rider~~Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 12.A, **Transfer or Delegation by Us**, is amended to add the following

“We may transfer or assign this Agreement to only an assignee who is willing and able to assume the obligations of Franchisor.”

3. Section 12.C, **Pre-Conditions for Approval of a Transfer**, and Section 13.A, **Your Right to Acquire Successor Franchises**, are amended to add the following:

“All rights enjoyed by you 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 nonwaiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied.”

4. Section 14.A, **Termination by You**, is amended to add the following

“Franchisee may terminate the Franchise Agreement on any grounds available to Franchisee pursuant to applicable law.”

5. Section 15.C, **Indemnification**, is amended to add the following:

“Notwithstanding anything contained herein to the contrary, you shall not be required to indemnify for any claims arising out of our breach of this Agreement or other civil wrongs by us.”

6. Section 18.A, **Governing law**, is amended to add the following:

“The foregoing choice of law shall not be considered a waiver of any right conferred upon us or you by the provisions of Article 33 of the General Business Law of the State of New York.”

7. Section 18.E., **Limitation of Claims**, is amended to add the following:

“However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.”

8. **Capitalized Terms**. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Franchise Agreement.

9. **Effect of ~~Rider~~Addendum**. Each provision of this ~~Rider~~Addendum shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York applicable to the provision are met independent of this Rider. This ~~Rider~~Addendum shall have no force or effect if such jurisdictional requirements are not met.

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:

State	Effective Date
California	Pending
Hawaii	Not applicable
Illinois	Pending
Indiana	Pending
Maryland	Pending May 31, 2024
Michigan	Pending May 6, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending May 28, 2024
South Dakota	Pending May 23, 2024
Virginia	Pending May 23, 2024
Washington	Not applicable
Wisconsin	Pending May 1, 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.