

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 litigation only in the Commonwealth of Virginia. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Virginia than in your own state.
2. ~~**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.~~
3. **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. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

In addition to maintaining all necessary licenses and permits, you must ensure that your employees and others providing decorative outdoor lighting services to customers on behalf of the Franchised Business have all required licenses and permits.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your operation of the Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

Brian M. Garrison, President. Brian Garrison has served as our President since June 2022 and the President of Pool Scouts since April 2026 [in Virginia Beach, Virginia](#). He has also served as the President of BFB since February 2020 and the COO of BFB since May 2015, [also in Virginia Beach, Virginia](#). He previously served as the Interim President of Pool Scouts from April to May 2024, [in Virginia Beach, Virginia](#). He also previously served as President of British Swim School from July 2019 to November 2021, [also in Virginia Beach, Virginia](#).

Angela Zerda Paules, Chief Marketing Officer (CMO). Angela Zerda Paules has served as the CMO of BFB Light since June 2022 and as the CMO of BFB since January 2018 [in Virginia Beach, Virginia](#).

Michael Hull, Chief Financial Officer (CFO). Michael Hull has served as our CFO since June 2022 [in Virginia Beach, Virginia](#). He has also served as CFO of British Swim School, and BSS Canada, each in Virginia Beach, Virginia, since April 2019. Mr. Hull has also served as the CFO of BFB, Home Clean Heroes and Pool Scouts since August 2018 [in Virginia Beach, Virginia](#).

Kyle Beach, Chief Operating Officer (COO). Kyle Beach has served as our COO since March 2025 [in Virginia Beach, Virginia](#). He previously served as our Director of Operations from June 2022 to March 2025, [also in Virginia Beach, Virginia](#). Mr. Beach was previously a Mosquito Joe franchise owner in Manassas, Virginia from January 2020 to March 2022.

Kathy Turley, Director of Marketing. Kathy Turley has served as our Director of Marketing since September 2025 [in Virginia Beach, Virginia](#). She has also served as the Director of Marketing for Home Clean Heroes since October 2017, [also in Virginia Beach, Virginia](#).

Dave Warn, Vice President of Franchise Development. Dave Warn has served as our Vice President of Franchise Development since July 2023, as well as the Vice President of Franchise Development for British Swim School, Vice President of Franchise Development for Home Clean Heroes and Vice President of Franchise Development for Pool Scouts, each in Virginia Beach, Virginia. He previously served, [in Virginia Beach, Virginia](#), as our Director of Franchise Development from March 2023 to July 2023. Mr. Warn also served as Director of Franchise Development for British Swim School from July 2019 to July 2023, Director of Franchise Development for Home Clean Heroes from December 2021 to July 2023, and Director of Franchise Development for Pool Scouts from September 2019 to July 2023, [each in Virginia Beach, Virginia](#).

Rita Iglesias, Director of Franchise Development. Rita Iglesias has served as our Director of Franchise Development [in Virginia Beach, Virginia](#) since March 2023. Ms. Iglesias has also served as Director of Franchise Development for Pool Scouts, Director of Franchise Development for British Swim School and Director of Franchise Development for Home Clean Heroes, each since September 2022, [in Virginia Beach, Virginia](#). Ms. Iglesias previously served as Franchise Developer for Rita’s Italian Ice, LLC in Treose, Pennsylvania from March 2021 to August 2022.

Austin James, Director of Franchise Development. Austin James has served as our Director of Franchise Development in Virginia Beach, Virginia since March 2023. Mr. James has also served as Director of Franchise Development for Pool Scouts and Director of Franchise Development for British Swim School since December 2020, and Director of Franchise Development for Home Clean Heroes since April 2021 [in Virginia Beach, Virginia](#).

Kris Nilsson, Director of Franchise Development. Kris Nilsson has served as our Director of Franchise Development [in Virginia Beach, Virginia](#) since May 2023. Mr. Nilsson has also served as Director of Franchise Development for British Swim School, Director of Franchise Development for Pool Scouts, and Director of Franchise Development for Home Clean Heroes since May 2023 [in Virginia Beach, Virginia](#). Mr. Nilsson previously served as Vice President of Franchise Development for Premium Service Brands in Charlottesville, Virginia from January 2022 to May 2023. Prior to that, Mr. Nilsson served as Director of Franchise Development for Franchise Fastlane in Omaha, Nebraska from September 2021 to December 2021. Prior to that, Mr. Nilsson was owner and founder of K&A Entertainment in Las Vegas, Nevada from January 2008 to September 2021.

Kevin W. Wilson, Chief Executive Officer (CEO) (BFB). Kevin Wilson has served as the CEO and a Board Member of BFB since June 2012, and has served as Chairman of BFB since April 2019, [each in Virginia Beach, Virginia](#).

Megan Kokoska, Vice President of Digital Marketing (BFB). Megan Kokoska has served as Vice President of Digital Marketing for BFB [in Virginia Beach, Virginia](#) since October 2025. Prior to joining BFB, she served as Vice President of Marketing for Dollar General from September 2022 to January 2025 in Goodlettsville, Tennessee. Prior to this, she served as Director of Digital Marketing & Ecommerce for Dollar Tree Stores, in Virginia Beach, Virginia, from 2012 to 2022.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

Dave Warn, our Vice President of Franchise Development, along with Karen Denise Warn, jointly filed a Bankruptcy Petition under Chapter 13 of the United States Bankruptcy Code

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Insurances ¹¹	\$1,800 to \$3,600	As Arranged	As Incurred	Suppliers
Professional Fees ¹²	\$300 to \$1,000	As Arranged	As Incurred	Professionals
Licenses & Certifications ¹³	\$0 to \$1,500	Lump Sum	As Incurred	Government Agencies/Vendors
Integrated Business Management Fee ¹⁴	\$395 to \$1,185	Lump Sum	As Incurred, starting 2nd full calendar month after signing	Us and/or BFB Light Services
Chatbot Fee ¹⁵	\$500 to \$1,500	As Arranged	As Incurred, starting 2nd full calendar month after signing	Suppliers and/or Us and/or BFB Light Services
Bookkeeping Services ¹⁶	\$350 to \$1,185	Monthly	As Incurred	Approved Suppliers
Computer, Internet Devices, Phones, Software Setup ¹⁷	\$0 to \$1,800	As Arranged	As Incurred	Suppliers and/or Us and/or BFB Light Services
Additional Funds for 3 months ¹⁸	\$6,000 to \$15,000	Check/Charge	As Incurred	
TOTALS¹⁹TOTALS	Single Franchise \$83,308 to \$108,183			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. The Initial Franchise Fee for a single unit franchise is \$29,500. If you have signed an Area Development Agreement, you will pay the Cumulative Franchise Fee based on the number of franchises you acquire. See the chart below for the range of expenses payable for a franchise opened under an Area Development Agreement. If you qualify to participate in our Community Heroes Program, your Initial Franchise Fee may be \$27,000. We also participate in IFA's VetFran program; as part of that program we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Franchised Business. You may only receive one discount, either Community Heroes or VetFran, and no discount will be given for either program for subsequent franchises under an Area Development Agreement. We may, in our sole discretion, finance a portion of your Initial Franchise Fee. The annual interest rate is typically 12% but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed.
2. Our affiliate, BFB Light Services, is currently the only approved supplier of the Mailer Program in which you must participate. We may approve a different affiliate or a third-party supplier in the future. Depending on whether you operate your Franchised Business on a Year-Round Basis or a Seasonal Basis, you are required to send 15,000 to

first 3 months of operation of the Franchised Business. We relied on past experience of our brand affiliates and their performance when preparing these figures.

~~19. Cost will vary widely, and you should review these figures carefully with a business advisor before making any decision to purchase a franchise.~~

Area Development Agreement

**YOUR ESTIMATED INITIAL INVESTMENT
(Year-Round Franchised Business)**

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Cumulative Franchise Fee ¹	\$49,500 to \$69,500	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for 2 to 3 Franchised Businesses ²	\$134,810 to \$248,683			
TOTALS³	\$184,310 to \$318,183			

**YOUR ESTIMATED INITIAL INVESTMENT
(Seasonal Franchised Business)**

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Cumulative Franchise Fee ¹	\$49,500 to \$69,500	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for 2 to 3 Franchised Businesses ²	\$101,622 to \$197,100			
TOTALS³	\$151,122 to \$266,600			

Notes:

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. Cumulative Franchise Fees vary depending on whether you acquire the rights to open 2 or 3 Franchised Businesses, as more fully described in Item 5. The Cumulative Franchise Fee will be applied as follows, depending on whether you open 2 to 3 Franchised Businesses: \$29,500 to your first Franchise Agreement, \$20,000 to your second Franchise Agreement, and \$20,000 to your third Franchise Agreement.
2. If you sign an Area Development Agreement, you will incur the full cost of opening your first Franchised Business within 120 days of the Effective Date of the Area Development Agreement. The low range shown above represents the cost for 2 Franchised Businesses

**ITEM 13
TRADEMARKS**

The Franchise Agreement will allow you to use the Marks for your Franchised Business. Our affiliate, BFB Light IP, owns the Marks and ~~has applied for~~holds a federal registration on the Principal Register of the U.S. Patent and Trademark Office for the following principal marks:

Mark	Registration No.	Registration Date
WONDERLY LIGHTS	7454489	July 23, 2024
W WONDERLY LIGHTS and Design	7458007	July 23, 2024
WONDERLY LIGHTS and Design	7458008	July 23, 2024
WONDERLY LIGHTS and Design	7458009	July 23, 2024

BFB Light IP intends to file all necessary affidavits of use and renewal applications when they become due.

We license the rights to use the Marks from BFB Light IP, and to allow you to use the Marks. BFB Light IP has granted to us a perpetual, worldwide license to grant franchisees the right to use the Marks in connection with the System. BFB Light IP may terminate the license agreement if we become insolvent, make an assignment for the benefit of our creditors, cease doing business, sell our assets or experience a change of control. If the license agreement is terminated, we have the right to continue to allow our franchisees to use the Marks.

Except for the license agreement described above, we are not a party to any agreement that significantly limits our right to use or license the Marks in any manner material to the System.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court. There are no other pending infringements, opposition, or cancellation proceedings or material litigation, involving any of the above Marks.

We do not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere.

You must follow our rules and regulations with respect to the use of the Marks. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Principal Marks as part of a corporate name or other legal name.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise

All of your principals are required to sign a personal guaranty. [Your spouse \(if not an officer, director or owner\) is not required to sign a personal guaranty, confidentiality agreement or non-compete agreement.](#)

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchise Agreement

You must use the Franchised Business vehicle solely to operate the Franchised Business. You must keep the Franchised Business open and in normal operation for the minimum hours and days we specify in the Operations Manual. You must not use the vehicle for any other purpose or activity without first obtaining our written consent.

Products and Services. For the duration of your franchise, you are restricted from offering products or services other than the franchise products and services defined in the Operations Manual or elsewhere, unless you receive our prior written consent. You must offer all the products and services we prescribe in the Operations Manual or elsewhere, and those products and services are subject to change. There are no limits on our ability to make changes to the types of products and services we authorize you to offer, sell and/or use. You must not sell any other kind of service or product, or use any other type of lights or greenery or equipment, without first obtaining our written consent. You must discontinue selling or offering for sale any products or services that we, in our sole discretion, disapprove in writing at any time. You may determine the prices of all services and products you offer and sell to your customers, but we may set maximum and minimum prices that may be charged based upon an analysis of the market and to facilitate advertising and competitive strategies.

You must comply with all requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products, or using new or different lights, greenery or equipment, that we specify. You are not to operate any business other than the Franchised Business without our prior written approval. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes. You must operate according to the Operations Manual.

Customer Service. You must honor our customer service policies, including promotions, customer loyalty feedback programs, referral programs, and warranties and satisfaction guarantees, as stated in the Franchise Agreement and the Operations Manual.

For a description of your restrictions on some purchases, see Item 8 of this disclosure document.

Except as described above, neither the Franchise Agreement nor any other practice restricts the goods or services which you may offer, or the customers you may solicit from the location of your Franchised Business.

Provision	Section in Franchise Agreement (“FA”)	Section in Area Development Agreement (“ADA”)	Summary
business			
p. Your death or disability	Section 12	None	<p>FA: Executor or representative has 6 months to arrange for a transfer, or 6 months to dispose of decedent interest in Franchised Business. Upon death and until appointment of Designated Manager we may operate your Franchised Business or assign another franchisee to service your customers.</p> <p>ADA: None.</p>
q. Non-competition covenants during the term of the franchise	Section 10	Section 8	<p>FA: You will not attempt to divert any business to a similar business, nor will you have any interest in any other competing business, without our prior written consent. You will not franchise or license any concept or system, whether or not in a competing business or dissimilar business during the term. You will not solicit our existing franchisees for any other system or party. You will not use any of our account or customer information for any purpose or in any context unrelated to your Franchised Business, subject to applicable state law.</p> <p>ADA: You will not have any interest in any other competing business without our prior written consent, subject to applicable state law.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 9 and 10	Section 8	<p>FA: No competition for a period of 2 years following the termination or expiration of the Franchise Agreement within 15 miles of your Territory or the territory of any other Wonderly Lights franchisees or our affiliate-owned business, subject to applicable state law.</p> <p>ADA: No competition for a period of 2 years following a permitted transfer or expiration or termination of the Area Development Agreement within the Development Area or a 15-mile radius of the territories of any other</p>

Provision	Section in Franchise Agreement (“FA”)	Section in Area Development Agreement (“ADA”)	Summary
			Wonderly Lights franchisees or our affiliate-owned business, subject to applicable state law .
s. Modification of the agreement	Section 16	Section 13	FA: No modifications except to the Operations Manual. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement unless mutually agreed to and in writing. ADA: No modifications except by written agreement signed by both parties.
t. Integration/merger clause	Section 20	Section 13	FA: Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable. Notwithstanding the foregoing, nothing in any 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	Section 15.b	None	FA: Mediation in Virginia Beach, VA ADA: None
v. Choice of forum	Section 15	Section 16	FA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law). ADA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to

Provision	Section in Franchise Agreement (“FA”)	Section in Area Development Agreement (“ADA”)	Summary
			applicable state law).
w. Choice of law	Section 15	Section 16	FA: The Commonwealth of Virginia (subject to applicable state law). ADA: The Commonwealth of Virginia (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

As of the date of this disclosure document, we do not 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.

1. Important Historical Information

We began franchise operations in June 2022. The Wonderly Lights brand was initially launched when 3 existing holiday lighting businesses converted to franchise entities (“Conversion Franchise Entities”). The Conversion Franchise Entities included one which was primarily focused on commercial/municipal customers (“commercial Conversion Franchise Entity,” with 10 years of prior experience in the business), and two which were primarily focused on residential customers (“residential Conversion Franchise Entities,” with 1 and 3 years, respectively, of prior experience in the lighting business). Each of these 3 preexisting businesses were converted by their owners into two franchise outlets in the June to August 2022 timeframe, resulting in 6 franchise outlets – 2 outlets that focus on commercial/municipal customers and 4 outlets that focus on residential customers. Additionally, and concurrent with the conversion in 2022, the residential Conversion Franchise Entities each acquired the rights to a third outlet, which each has subsequently opened.

3. Ticket Price represents each franchisee’s total revenue divided by total job count, averaged across the reporting franchisees.

* * *

TABLE 10 – 2025 QUARTILE PERFORMANCE (NON-HOLIDAY LIGHT SERVICE LINE)^{1,2}

Revenue				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	\$142,263	\$152,805	\$160,094	\$113,889
2 nd Quartile	\$45,684	45,684	\$63,757	27,611
3 rd Quartile	\$13,106	12,017	19,500	7,800
4 th Quartile	\$5,985	\$5,985	\$7,215	\$4,755

Job Count				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	32	32	35	29
2 nd Quartile	5	5	7	3
3 rd Quartile	2	3	3	1
4 th Quartile	1	1	1	1

Ticket Price³				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	\$10,109	\$9,204	\$12,017	\$9,108
2 nd Quartile	\$7,150	\$7,150	\$7,800	\$6,500
3 rd Quartile	\$4,701	\$4,755	\$4,775	\$4,574
4 th Quartile	\$3,166	\$3,166	\$3,927	\$2,405

Notes for Table 10:

1. Based on CRM entity level data for ~~the~~ 10 franchisees operating a total of 22 outlets, which opened their first location prior to calendar year 2025. As noted above, some franchisees

- operate more than 1 outlet under the same legal entity. Therefore, these revenue, job count and ticket price numbers cannot be extrapolated to the potential operation of a single outlet.
2. The 10 franchisees are divided into quartiles as follows: Top Quartile – 3 franchisees (all 3 operating 3 outlets), 2nd Quartile – 2 franchisees (both operating 3 outlets), 3rd Quartile – 3 franchisees (2 operating 2 outlets, 1 operating a single outlet), and 4th Quartile – 2 franchisees (both operating a single outlet).
 3. Ticket Price represents each franchisee’s total revenue divided by total job count, averaged across the reporting franchisees.

* * *

Additional Notes:

1. The information set forth in this Item 19 summarizes financial information of historic operations of Local Operations and the 19 franchisees operating 36 outlets for calendar year 2025, as obtained from our field management software program (i.e., CRM), franchise owner self-reported information, payroll data and our Tableau analytics platform. Except where modified as indicated above, data is based on actual results for these periods.
2. ~~We recommend that you make your own independent investigation to determine whether or not your outdoor lighting business may be profitable and consult with your attorney and other advisors before signing any franchise agreement.~~ As used in this Item 19, an “outlet” means a single territory.
3. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon your reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, BFB Light Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Brian Garrison, 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452, 757.215.4991, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ADDENDUM TO THE
BFB LIGHT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF ILLINOIS

ITEM 17 of the Disclosure Document is amended as follows:

Illinois law shall apply to and govern the Franchise Agreements.

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.

Franchisees' rights upon Termination and Non-Renewal 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.

The Disclosure Document is amended to include the following:

FRANCHISOR MAY ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY UNDER THE TERMS OF A SERVICE AGREEMENT. IF YOU REFUSE TO SERVICE THE NATIONAL ACCOUNT UNDER THE TERMS OF THE SERVICE AGREEMENT ~ FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS & SERVICES TO THAT "NATIONAL ACCOUNT" WITH NO COMPENSATION PAID TO YOU.

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 of fraud 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.

~~Payment of Initial Franchise and Development Fees will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.~~

**ADDENDUM TO THE
BFB LIGHT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES 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 CANNOT 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:

Except as provided 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 that is 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 ten years 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 any 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~~ 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; this proviso intends that the ~~nonwaiver~~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 a 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

**ADDENDUM TO THE
BFB LIGHT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF NORTH DAKOTA

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

- (a) Covenants not to compete are generally considered unenforceable in the State North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law.
- (b) A provision that designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota;
- (c) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;
- (d) A provision requiring that the laws of a state other than North Dakota will apply;
- (e) A provision calling for the waiver by a Franchisee of the right to trial by jury;
- (f) A provision requiring the Franchisee to waive exemplary and punitive damages;
- (g) A provision requiring a Franchisee to sign a general release upon renewal of the Franchise Agreement;
- (h) A provision restricting the time in which a Franchisee may make a claim to less than the applicable North Dakota statute of limitations;
- (i) A provision requiring a Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the Franchise Agreement or Area Development Agreement.

Such provisions, if applicable, are amended by the North Dakota amendments to the Franchise Agreement and Area Development Agreement attached to such agreements.

~~2. ITEM 5 is amended to add the following:~~

~~The State of North Dakota's Securities Department requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to franchisor until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.~~

32. 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 of fraud 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 AGREEMENT
BFB LIGHT FRANCHISING, LLC**

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20__, between **BFB LIGHT FRANCHISING, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”) to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for BFB Light Franchising, LLC shall be amended as follows:

~~a. Section 4.a of the Franchise Agreement shall be amended to add:
Payment of Initial Franchise and Development Fees will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.~~

a. ~~b.~~ Section 8 of the Franchise Agreement shall be amended to add:

Franchisees’ rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

b. ~~e.~~ Section 15.a of the Franchise Agreement shall be amended to add:

Illinois law governs the Franchise Agreement.

c. ~~d.~~ Section 15.c of the Franchise Agreement shall be amended to add:

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.

**ADDENDUM TO THE FRANCHISE AGREEMENT
BFB LIGHT FRANCHISING, LLC**

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20__, between **BFB LIGHT FRANCHISING, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Franchisee”) to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Franchise Agreement for BFB Light Franchising, LLC shall be amended as follows:

(a) Section 2.b of the Franchise Agreement requires Franchisee to sign a general release as a condition of renewal of the franchise; such release shall exclude claims arising under the North Dakota Franchise Investment Law.

~~(b) Section 4.a of the Franchise Agreement is amended to add the following as the last sentence:~~

~~Notwithstanding the foregoing, the State of North Dakota’s Securities Department requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until all initial obligations owed to you under the Franchise Agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement.~~

(eb) Section 10.b of the Franchise Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(dc) Section 15.a of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by North Dakota law.

(ed) Section 15.c of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(fe) Section 15.d of the Franchise Agreement regarding waiver of jury trial is deleted in its entirety.

(gf) Section 15.f of the Franchise Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BFB LIGHT FRANCHISING, LLC**

FOR THE STATE OF ILLINOIS

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **BFB LIGHT FRANCHISING, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Area Developer”) to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Area Development Agreement for BFB Light Franchising, LLC shall be amended as follows:

a. Section ~~2.16~~ of the Area Development Agreement shall be amended to add:

~~Payment of Initial Franchise and Development Fees will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.~~

~~b. Section 6 of the Area Development Agreement shall be amended to add:~~
Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~eb.~~ Section 16.1 of the Area Development Agreement shall be amended to add:

Illinois law governs the Area Development Agreement.

~~dc.~~ Section 16.2 of the Area Development Agreement shall be amended to add:

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.

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BFB LIGHT FRANCHISING, LLC**

FOR THE STATE OF MARYLAND

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20____, between **BFB LIGHT FRANCHISING, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Area Developer”) to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Area Development Agreement shall be amended as follows:

- a. Section 2.1 shall be amended to add: 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. In addition, all development fees and initial payments by Area Developers shall be deferred until the first franchise under the Area Development Agreement opens.
- b. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- c. Section 7.11 requires Area Developer to sign a general release as a condition of sale and/or transfer of the area development rights; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- d. [If the Area Developer is located in the State of Maryland, Section 12.2 of the Area Development Agreement is hereby deleted.](#)
- ~~e.~~ An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- ef. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

fg. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. Unless expressly amended by this Addendum, all other provisions of the Area Development Agreement remain unchanged.

4. 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 of fraud 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

BFB LIGHT FRANCHISING, LLC

By: _____
Name: _____
Title: _____

Area Developer: _____

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
BFB LIGHT FRANCHISING, LLC**

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20___, between **BFB LIGHT FRANCHISING, LLC** (“we”, “us” or “Franchisor”) and _____ (“you” or “Area Developer”) to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Area Development Agreement for BFB Light Franchising, LLC shall be amended as follows:

- (a) ~~Section 2.1 of the Area Development Agreement is amended to add the following as the last sentence:~~

~~Notwithstanding the foregoing, the State of North Dakota’s Securities Department requires us to defer payment of the Cumulative Franchise Fee and other initial payments owed by you to us until all initial obligations owed to you under your first Franchise Agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to your first Franchise Agreement.~~

- (b) Section 8.3 of the Area Development Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

- (c) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by North Dakota law.

- (d) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

- (e) Section 16.3 of the Area Development Agreement regarding waiver of jury trial is deleted in its entirety.

- (f) Section 16.5 of the Area Development Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be