Clean

FRANCHISE DISCLOSURE DOCUMENT

Garage Living Franchise Systems USA, Inc
a Delaware corporation
201 Chrislea Road
Vaughan, Ontario, Canada L4L 8N6
Telephone (905) 856-7175
www garageliving com
franchise@garageliving ca

GARAGE LIVING
CABINETRY ■ FLOORING ■ ORGANIZERS

We offer a franchise for the operation of a business that provides design, supply and installation of residential garage organizers, cabinetry, concrete floor coatings, car lifts, garage doors, garage door operators, renovations services and additional products and services related to residential garage renovations under the name "Garage Living "

The total investment necessary to begin operation of a Garage Living franchise is $190,300 to $257,450 This includes between $92,700 and $102,700 that must be paid to the franchisor and/or its affiliate, as appropriate

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**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Aaron Cash at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 and (905) 856-7175

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read all of your contract carefully Show your contract and this disclosure document to an advisor, like a lawyer or an 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* 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 April 27, 2018, amended as of October 4, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN DELAWARE OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO MEDIATE AND ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISEE OR MULTI-UNIT OPERATOR WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $190,300 TO $257,450 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS $38,733

4 THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (see Item 21), CALLS INTO QUESTION THE FRANCHISOR'S ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU

5 YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	August 1, 2018, amended as of _____
Connecticut	Exempt
Florida	August 21, 2018
Hawaii	
Illinois	July 11, 2018, amended as of _____
Indiana	
Kentucky	
Maine	Exempt
Maryland	
Michigan	
Minnesota	August 8, 2018, amended as of _____
Nebraska	March 24, 2017
New York	May 27, 2016, amended as of _____
North Carolina	Exempt
North Dakota	
Rhode Island	
South Carolina	Exempt
South Dakota	
Texas	January 22, 2016
Utah	
Virginia	
Washington	
Wisconsin	

Secretary – Daniel Albo

Mr Albo has been our Secretary since our inception in July 2014, and he has been Secretary of our Affiliate since May 2006 He has been Director and of our Parent since its inception in November 2013

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

When you sign the Franchise Agreement you must pay to us an initial franchise fee in the amount of $60,000 The initial franchise fee is imposed uniformly on all franchisees The initial franchise fee is fully earned by us and is not refundable

You must purchase from us your initial inventory of Slatwall panels and accessories, stock modular cabinetry, coating fluid and related materials, overhead storage racks and other standard organizers We estimate that the cost of your initial inventory of these items will be between $15,000 and $20,000 If for any reason your Business fails to open, the products may be returned and a refund of 50% of the cost will be issued to you, less shipping and restocking fees

In addition to the initial inventory you must purchase from us, you must also purchase from us showroom fixtures and displays, which may include displays of custom cabinetry We estimate the total cost of fixtures and displays for the showroom will be between $10,000 and $15,000 If for any reason your Business fails to open, the standard fixtures and displays that have not yet been installed in your showroom may be returned and a refund of 50% of the cost will be issued to you, less shipping and restocking fees Custom displays are not refundable under any circumstances

You must pay us $3,500 for your grand opening promotional campaign and we will conduct the campaign on your behalf This amount is payable when the Franchise Agreement is signed Within 60 days after we complete the grand opening promotional campaign, we will provide you with an accounting of how the money for your grand opening promotional campaign was spent If not all the money was spent, we will refund any difference to you

You must pay us $4,200 for the development of your "micro-site" website that will be designed and deployed for your specific franchised territory This amount is payable when the Franchise Agreement is signed and is not refundable under any circumstances

There are no other payments to or purchases from us or our affiliates that you must make before your Business opens

Designated Territory, any revenue of any kind generated from conducting business outside of the Designated Territory shall be included in Gross Revenue

If you do not report your Gross Revenue when required, we may debit your account for 120% of the last Royalty and Marketing Fee that we debited If the Royalty and Marketing Fee we debit are less than the Royalty and Marketing Fee you actually owe us, once we have been able to determine your true and correct Gross Revenue, we will debit your account for the balance on a day we specify If the Royalty and Marketing Fee we debit are greater than the Royalty and Marketing Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due

If any state imposes a sales or other tax on the Royalty Fee, then we have the right to collect this tax from you

2 Businesses owned and operated by us and/or our affiliates may, but are not required to, participate in marketing cooperatives along with our franchisees and if they do participate they will have the same voting rights as our franchisees No Business (or commonly controlled group of Businesses) will have more than 25% of the total vote on marketing cooperative matters

3 If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Initial Franchise Fee (1)	$60,000	Lump Sum	When Franchise Agreement is signed	Us
Rent – 3 Months (2)	$7,500 to $15,000	As Arranged	As Arranged	Landlord
Lease, Utility and Security Deposits	$2,350 to $8,750	As Arranged	As Arranged	Landlord, Utility Companies
Blueprints	$1,000 to $2,500	As Arranged	As Arranged	Design Professional, Architect
Leasehold Improvements (3)	$10,000 to $15,000	As Arranged	As Arranged	Contractor
Signage	$2,500 to $4,000	As Arranged	As Arranged	Suppliers

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Furniture, Fixtures and Equipment (4)	$45,000 to $55,000	As Arranged	As Arranged	Suppliers and Us
Vehicle (5)	$9,000 to $13,000	As Arranged	As Arranged	Suppliers
Computer System (6)	$5,500 to $7,500	As Arranged	As Arranged	Suppliers
Licenses and Permits (7)	$250 to $500	As Arranged	As Arranged	Government Agencies
Professional Fees (8)	$1,000 to $2,500	As Arranged	As Arranged	Attorney, Accountant, Etc
Initial Inventory (9)	$15,000 to $20,000	As Arranged	As Arranged	Us
Insurance – Annual Premium (10)	$1,500 to $2,000	As Arranged	As Arranged	Insurance Companies
Training Expenses (11)	$2,000 to $4,000	As Arranged	As Arranged	Airline, Hotel, Restaurants, Etc
Grand Opening Promotional Campaign (12)	$3,500	Lump Sum	When Franchise Agreement is Signed	Us
"Micro-site" website development fee (13)	$4,200	Lump Sum	When Franchise Agreement is signed	Us
Additional Funds – 3 months (14)	$20,000 to $40,000	As Needed	As Needed	Vendors, Suppliers, Employees, etc
TOTAL (15)	**$190,300 to $257,450**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable We do not finance any portion of your initial investment

1 *Initial Franchise Fee* The initial franchise fee is discussed in Item 5

2 *Rent* If you do not own adequate or appropriate space, you must build or lease the space for your Business Our estimates assume that you will lease the space for your Business The typical space for a Garage Living Business ranges from 3,000 to 4,000 square feet of space in a light industrial, commercial or retail space Landlords may vary the base rental rate and charge rent based on a percentage of Gross Revenue In addition to base rent, your lease may require you to pay common area maintenance charges ("CAM Charges") for your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges The actual amount you pay under the lease will vary depending on the size of the Business, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Minnesota	0	1	0
New Jersey	1	0	0
New York	0	1	0
South Dakota	0	0	0
Texas	1	1	0
Washington, DC	0	0	0
Total	4	5	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit D to this Disclosure Document when applicable

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Garage Living System

There are no trademark-specific organizations formed by our franchisees that are associated with the Garage Living System

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit G are our audited financial statements in United States dollars for the fiscal years ending December 31, 2015 and December 31, 2016 and December 31, 2017 Also attached are our unaudited financial statements for the period ending June 30, 2018

Our fiscal year end is December 31st

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document in the following order

1 Franchise Agreement with Exhibits – Exhibit C
2 Form of General Release – Exhibit I

Exhibit A to the Disclosure Document

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

If a state is not listed, Garage Living Franchise Systems USA, Inc has not appointed an agent for service of process in that state in connection with the requirements of franchise laws There may be states in addition to those listed below in which Garage Living Franchise Systems USA, Inc has appointed an agent for service of process

There may also be additional agents appointed in some of the states listed

CALIFORNIA California Business Oversight Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Franchise Section Michigan Department of Attorney General 525 W Ottawa Street, 1st Floor Lansing, Michigan 48933 (517) 335-7567 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (Administrator) Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236 Phone (212) 416-6042 Fax (Agent for service of process) Attention NY Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712 (for service of process) North Dakota Securities Commissioner

Exhibit B to the Disclosure Document

MULTI-STATE ADDENDUM
TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT(S)

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement requires binding arbitration The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor 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

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

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 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

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

11 OUR WEBSITE, www garageliving com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT

ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

12 The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act

13 Franchisee must check the California Code of Regulations to ensure compliance with Title 8 regulations for Spray Coating Operations in residential garages

14 **Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business**

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois

Section 41 of the Illinois Franchise Disclosure Act provides that 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

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

In Illinois, payment of Initial Franchise Fees owed to Franchisor/affiliate 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

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's Designated Territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests The appropriate sections of the Franchise Agreement are hereby amended

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Katharyn Barron
525 W Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 353-7567

<u>ADDENDUM REQUIRED BY THE STATE OF MINNESOTA</u>

This addendum to the Disclosure Document is agreed to this ___ day of _________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows

1 Item 13 of the Disclosure Document and Section 12 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and Sections 4 and 16 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and Section 20 of the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> "Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to

the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the 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

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this ______ day of _____________, 20___

ATTEST

GARAGE LIVING FRANCHISE SYSTEMS USA, INC

____
Witness

By ______________________
Name ______________________
Title ______________________

FRANCHISEE

____
Witness

____

Exhibit C to the Disclosure Document

FRANCHISE AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows

SECTION 1 DEFINITIONS

Where used in this Agreement or in any Schedules or amendments, the terms defined in Schedule "A" shall have the meanings so indicated

SECTION 2 GRANT

Subject to the terms and conditions set forth in this Agreement, we hereby grant to you for the Term the exclusive right to operate from one (1) Premises within the Designated Territory and to carry on the Business therefrom, and in conjunction therewith, the non-exclusive right to use the System and the non-exclusive right to use the Mark The Premises shall be located at the location identified in Schedule "B" annexed hereto You shall not carry on any business or other activity from the Premises other than the Business Provided you are not in default under the provisions of this Agreement, we shall not, directly or indirectly, operate or authorize any other Person to operate a "Garage Living" physical location within the Designated Territory, however, the rights granted to you herein are subject to (a) the average Gross Revenue requirements described in Section 8 07 herein, (b) the reservation of rights set forth in Schedule "G" of this Agreement, and (c) the restrictions respecting your operation of the Business set forth in Schedule "H" of this Agreement

SECTION 3 FEES

3 01 Initial Franchise Fee, Micro-Site Development Fee

You shall pay to us, upon the execution of this Agreement by you, an initial franchise fee of Sixty Thousand Dollars ($60,000), the said amount is fully earned by us upon the execution of this Agreement, and is not refundable under any circumstances

You shall pay to us, upon the execution of this Agreement by you, the Micro-Site Development Fee of Four Thousand Two Hundred Dollars ($4,200) for the development of your "micro-site" website that will be designed and deployed for your specific franchised territory This amount is not refundable under any circumstances

3 02 Continuing Fees

In addition to the initial franchise fee described above, you agree to pay to us the following continuing fees

(a) A continuing and non-refundable royalty fee equal to six and one half percent (6½%) of Gross Revenue The Royalty Fee is payable by weekly installments or at any other time(s) determined by us Until otherwise required, you shall pay each Royalty Fee on Tuesday of each week based on Gross Revenue for the previous week ending Sunday

(i) The Royalty Fee, and any other continuing fees payable to us, shall be payable by electronic funds transfer unless we designate another payment method You agree to execute any documents required by us, our bank and/or your bank to permit us to permit us to collect continuing fees and other payments owed to us by electronic funds transfer

Exhibit D to the Disclosure Document

LIST OF FRANCHISEES
(as of December 31, 2017)

FRANCHISEES OPEN

Florida	
Gary DiStefano Jr 8570 Phillips Highway, Suite 113 Jacksonville, FL 32256 904-564-9951	TBKGL LLC o/a Garage Living of South East Florida 1211 Stirling Rd #107 Dania Beach, FL 33004 786-349-3148
Michigan	
Vani Builders, Inc Konark Vani 32441 Northwestern Hwy Farmington Hills, MI 48334 248-432-0440	
South Dakota	
Russell Stough 1312 W 41st St Sioux Falls, SD 57105 605-368-8180	
Texas	
Garage Living of Dallas/Ft Worth, LLC David Hinderland 3341 Regent Blvd , Suite 140 Irving, TX 75063 972-355-2281	
Washington, DC	
Garage Living of Washington LLC o/a Garage Living of Metro Washington D C 44810 Old Ox Road, #100 Dulles, VA 20166 571-406-1234	

FRANCHISEES SIGNED, but Not Opened

Colorado	
Binh Viet Truong and Tu Lee 6858 S University Blvd , Unit 150 Centennial, CO 80122 720-292-3234 (opening in 2018)	

Connecticut	
Richard Cunningham 136 Water Street Norwalk, CT 06854 203-945-0750 (opening in 2018)	
New Jersey	
John Anthony Pitera and Paul Cortes 483 Hwy 79 Marlboro, NJ 07751 732-944-0229 (opening in 2018)	
Texas	
Wolf Den Autosport, LLC Conway Reimer 413 St Tropez Drive Southlake, Texas 76092 (opening in 2018)	

Exhibit G to the Disclosure Document

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

Garage Living Franchise Systems USA Inc

BALANCE SHEET

As of June 30 2018

	TOTAL
Assets	
Current Assets	
Cash and Cash Equivalent	
10670 RBC Chequing	12 996 50
10700 Petty Cash	1 00
56900 Bank charges	159 00
Total Cash and Cash Equivalent	**13,156 50**
Accounts Receivable (A/R)	
12001 Accounts Receivable (A/R)	356 954 37
Total Accounts Receivable (A/R)	**356,954 37**
12002 A/R clearing	638 52
Total Current Assets	**370,749 39**
Total Assets	**$370,749 39**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
21001 Accounts Payable (A/P)	323,907 47
Total Accounts Payable (A/P)	**323,907 47**
21002 A/P clearing	104 749 98
21100 Accrued Liabilities	0 00
23300 Current Tax Liability	3 690 78
Total Current Liabilities	**424,966 67**
Non-current Liabilities	
26420 GLSEFL LLC	68 761 84
26430 Garage Living Inc	0 00
26440 Garage Living Franchise Systems Inc	96 425 89
Total Non-current Liabilities	**-165,187 73**
Total Liabilities	**259,778 94**
Equity	
33500 Common Shares	1 00
Retained Earnings	23 557 68
Profit for the year	87,411 77
Total Equity	**110,970 45**
Total Liabilities and Equity	**$370,749 39**

Garage Living Franchise Systems USA, Inc.

PROFIT AND LOSS

January - June, 2018

	TOTAL
INCOME	
40100 Sales Initial Franchise Fees	105 000 00
40200 Sales Royalties	132,588 97
40300 Sales Marketing Fund	41 565 80
Total Income	**279,154 77**
GROSS PROFIT	**279,154 77**
EXPENSES	
56100 Accounting fees	3,023 00
56110 Legal fees	7,625 00
56130 Management Fees	180 000 00
56900 Bank charges	1 095 00
Total Expenses	**191,743 00**
PROFIT	**$87,411 77**

RECEIPT

(RETURN ONE COPY TO US)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Garage Living Franchise Systems USA, Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Garage Living Franchise Systems USA, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is Garage Living Franchise Systems USA, Inc, located at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 Its telephone number is (905) 856-7175

Issuance date April 27, 2018, amended as of October 4, 2018

The name, principal business address and telephone number of the franchise seller for this offering is ☐ Aaron Cash, 201 Chrislea Road, Vaughan, ON L4L 8N6, Canada, 905-856-7175
☐ Other ______________________________

Garage Living Franchise Systems USA, Inc authorizes the agents listed in Exhibit A to receive service of process for it

I have received a disclosure document dated April 27, 2018, amended as of October 4, 2018 that included the following Exhibits

A – State Agencies/Agents for Service of Process	F – Table of Contents of Operations Manual
B – State Specific Addendum	G – Financial Statements
C – Franchise Agreement with Exhibits	H – Franchisee Disclosure Acknowledgment Statement
D – List of Franchisees	I – Form of General Release
E – List of Franchisees Who Have Left the System	

Date ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

You may return the signed receipt either by signing, dating and mailing it to Garage Living Franchise Systems USA, Inc at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6, or by faxing a copy of the signed and dated receipt to Garage Living Franchise Systems USA, Inc at (905) 856-5017

RECEIPT

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