STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	Pending
Florida (exemption)	Effective
Hawaii	Not Registered
Illinois	June 7, 2018
Indiana	June 7, 2018
Kentucky (one-time filing)	Effective
Maryland	Pending
Michigan	Effective
Minnesota	July 12, 2018
Nebraska (one-time filing)	Effective
New York	Pending
North Dakota	Not Registered
Rhode Island	June 5, 2018
South Dakota	Not Registered
Texas (one-time filing)	Effective
Utah (exemption)	Effective
Virginia	August 16, 2018
Washington	Pending
Wisconsin	June 4, 2018

Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet (Sweetwaters Team Site). (Franchise Agreement, Section 2(G)); and

13. We may: (i) research new gourmet coffee and tea, products and equipment and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products at SWEETWATERS Cafés, including proprietary products and services that may be sold under the trademarks we designate, such as proprietary coffee roasting machines. (Franchise Agreement, Section 5(J)).

No other assistance, supervision, or services are provided by us or any affiliate for the Café's operation. Neither we nor any affiliate is bound by the Franchise Agreement or any other agreement to provide any other supervisory assistance or services.

TRAINING PROGRAMS

Our training program is supervised by Lisa Bee (see Item 2), who founded the SWEETWATERS brand and has been involved in all aspects of operation since the brand started operating in 2003. There will be additional training personnel that will assist in the provision of the training program. Such instructor(s) will: (i) have prior operational experience (which may include working in and/or managing one of our affiliate-owned locations); and (ii) provide instruction on topics with which they have this prior experience.

Julie Depowski and Laurie Vaquera are two of our training instructors and will assist with all in-store operations training subjects. Ms. Depowski has six (6) years' experience with us and/or our affiliates and five (5) years' experience with the training subjects she teaches. Ms. Vaquera has seven (7) years' experience with us and seven (7) years' experience with the training subjects she teaches. Tim O'Connor may also provide instruction as part of our training program. Mr. O'Connor works for a third party and not us directly, but he has over 20 years of experience in the subject matters he typically provides instruction on.

Ongoing training is provided through our training website that we call Sweetwaters University. You will be given access to the training website in order to train your staff.

Initial Training Program

You and your Designated Manager must successfully complete to our satisfaction our mandatory training program (Initial Training Program), as outlined in the tables at the end of this item, before you open your Café for business. Section 15(B)(2) of the Franchise Agreement grants Franchisor the right to terminate the Franchise Agreement upon written notice to you without providing you any opportunity to cure if you fail to attend and complete the Initial Training Program within the time specified by the Franchise Agreement. All persons attending the Initial Training Program must, before attending, sign and deliver to us all required covenants and agreements regarding confidentiality. The instructional materials you will receive and use at Initial Training Program include handout materials, an instructional manual, and visual aids. The Initial Training Program is offered as needed, and we will attempt to accommodate you by scheduling additional training times if we are able to do so.

We bear the cost of maintaining our training facility in Ann Arbor, Michigan, including the overhead cost of training, staff salaries, and training materials. You must pay our then-current Initial Training Fee (which is currently $5,000) and also pay all travel, living, and other incidental expenses you and your employee(s)

Provision	Section in Franchise or Other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 21(B) Section 21(C)	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters (subject to state law). You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
v. Choice of forum	Section 21(D) and 21(E)	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Eastern District of Michigan. (subject to state law).
w. Choice of law	Section 21(A)	The Franchise Agreement is governed by the laws of the state of Michigan, without reference to this state's conflict of laws principles. (subject to state law).

B. Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 6.1	The term begins upon execution and ends on the earlier of (a) the date you actually open the last Café you are required to open under your Development Schedule, and (b) the expiration of your Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirement for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Not Applicable

Provision	Section in Development Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Noncompetition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r. Noncompetition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s. Modification of the agreement	Section 27	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Section 27	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 12 and 13	You must bring all disputes before our management prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to non-binding mediation in in the city nearest to our principal place of business in the United States, as determined by us in our sole discretion, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation (subject to state law).

Provision	Section in Development Agreement	Summary
v. Choice of forum	Section 15	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Development Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to Ann Arbor, Michigan or, if appropriate, the USDC for the Eastern District of Michigan (subject to state law).
w. Choice of law	Section 11	The Development Agreement is governed by the laws of the state of Michigan, without reference to this state's conflict of laws principles (subject to state law).

Item 18
Public Figures

We do not use any public figure 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 performance of a particular location or under particular circumstances.

As of the end of our most recent fiscal year, we had seven (7) Cafés in operation. Of these seven (7) Cafés, two (2) were affiliate-owned or operated and five (5) were franchised as of December 31, 2017.

This Item 19 presents historic data for the five (5) Cafes (each, a "Representative Café") that were open for the entire 2017 calendar year (the "Measurement Period"). We excluded two Cafés from the definition of Representative Cafés because: (i) one franchised Café was not in operation for the entire Measurement Period, and (ii) one affiliate-owned Café was sold to a franchisee during the Measurement Period. The Representative Cafés are operated in a substantially similar manner to the Franchised Business offered in this Disclosure Document.

In the first Chart below, we disclose the total Net Sales of the five (5) Representative Cafés (over the Measurement Period.

In the second Chart, we disclose the total Net Sales, along with certain cost of sales and other operation cost information, for the one (1) Representative Café that: (i) has been operated by our affiliate for five (5) years or more as of December 31, 2017; and (ii) reported its cost information to us using the chart of accounts we designated for use in connection with our System (the "Mature Affiliate Location").

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF BUSINESS OVERSIGHT PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

Neither we nor any person or franchise broker identified in Item 2 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. 78a et seq., suspending or expelling these persons from membership in that association or exchange.

The following provision in hereby added to Item 5:

> The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

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

The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

You must sign a general release if you renew or transfer your franchise. California Corporations 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).

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE APPLICATION OF THE LAW OF MICHIGAN. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement and Development Agreement require the parties to resolve their disputes through non-binding mediation and, if necessary, litigation. The mediation and litigation will be conducted in Michigan, and you must reimburse us our costs if we prevail in any litigation proceeding. 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.

Regarding our website, http://www.sweetwaterscafe.com, please note the following:

> OUR WEBSITE 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.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The conditions under which the Franchise Agreement and/or Development Agreement can be terminated and your rights upon nonrenewal may be affected by Illinois law (815 ILCS 705/19 and 705/20).

For choice of law purposes, and for the interpretation and construction of the Franchise Agreement and Development Agreement, Illinois law governs.

Jurisdiction and venue for any dispute arising out of the Franchise Agreement or Development Agreement shall be in the State of Illinois except in the case of mediation, which shall be conducted pursuant to terms of the Franchise Agreement and/or Development Agreement (as applicable).

Please be advised that Franchisor has obtained a surety bond in the amount of $109,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the Illinois Franchise Act under the Franchise Agreement. The Illinois Attorney General imposed this requirement due to Franchisor's financial condition.

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.

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.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

Neither Sweetwaters Group, LLC, its affiliate, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and/or Development Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ADDENDUM TO REQUIRED BY THE STATE OF MARYLAND

For franchises and franchisees/developers subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces, supplements and/or otherwise amends, as the case may be, the

(a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

(b) obtained a discharge of its debts under the bankruptcy code; or

(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership."

Item 5 shall be supplemented with the following: "The franchisor uses the initial franchise fee to defray its costs of offering franchises and assisting franchisees to start business. A portion of the initial franchise fee may be profit to the franchisor."

Item 17, Renewal, Termination, section d, is hereby amended to provide:

The franchisee/developer may terminate the agreement on any grounds available by law.

Item 17, Renewal, Termination, etc., section j, Assignment, is hereby amended to provide:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise/developer agreement.

Item 17, Renewal, Termination, section w, is hereby amended to provide:

The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee/developer by article 33 of the General Business law of the state of New York.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Sweetwaters Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> With respect to disclosures in Item 6 of the Disclosure Document regarding a franchisee securing funds by selling securities in the franchise, be advised that any securities offered or sold by an Investor Franchisee as part of its Sweetwaters Group, LLC Franchise must be either registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.
>
> Additional Disclosure: The following statements are added to Item 17h:
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and/or development agreement.

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 that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. Notwithstanding Item 17(d) of the Disclosure Document to the contrary, franchisees may terminate the Franchise Agreement under any grounds permitted by law.

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 that 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.

Due to our financial condition, please be advised that we have secured a surety bond in the amount of $100,000 to demonstrate our financial capability to fulfill our pre-opening obligations to franchisees/developers under the Franchise Agreement and the Development Agreement that are subject to the jurisdiction of the Washington Franchise Investment Protection Act, which is on file with the Securities Division of the Washington Department of Financial Institutions.

Section 1(A) of the Franchise Agreement, as well as Section 27 of the Development Agreement, is hereby modified by adding the following text after the last sentence thereof:

> The parties expressly confirm that there are no other oral or written agreements, "side-deals", arrangements or understandings between them except as set forth herein and in Franchisor's applicable Franchise Disclosure Document.

Notwithstanding anything to the contrary in Section 21(A) of the Franchise Agreement, as well as Section 11 of the Development Agreement, Illinois law shall govern this Agreement and the parties agree that, to the extent any legal action or proceeding arising out of or relating to these agreements is initiated and not subject to mediation pursuant to Section 21(C) of the Franchise Agreement or Section 13 of the Development Agreement, all such actions or proceedings shall be brought in Illinois courts.

Nothing in the Franchise Agreement or Development Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

Any condition, stipulation or provision of the Franchise Agreement purporting to bind Franchisee to a waiver of compliance with the Illinois Franchise Disclosure Act of 1987, as amended, is void.

Please be advised that Franchisor has obtained a surety bond in the amount of $109,000 to demonstrate Franchisor's financial capability to fulfill its pre-opening obligations to franchisees that are subject to the jurisdiction of the Illinois Franchise Act under the Franchise Agreement. The Illinois Attorney General imposed this requirement due to Franchisor's financial condition.

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 REQUIRED BY THE STATE OF INDIANA

Section 21(D) of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified to provide that: (i) the acts described in these Sections may cause Franchisor irreparable harm; and (ii) Franchisor is entitled to seek (rather than obtain) restraining orders or injunctive relief in accordance with the terms of these Sections without the necessity of posting a bond.

Section 13(E)(3) of the Franchise Agreement is hereby deleted in its entirety.

Section 15 of the Franchise Agreement, as well as Section 6 of the Development Agreement, are hereby modified by adding the following subsection after the last subsection thereof:

> Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 21(I) of the Franchise Agreement is hereby modified by deleting everything in the first sentence thereof after the words "brought before the expiration of" and before "and that any action not brought…," and replacing the deleted portion with "two (2) years after the violation of IC Stat. 23-2 and, with respect to other claims, three (3) years after discovery by the Franchisee/Developer of the facts constituting the violation."

Section 21(I) of the Franchise Agreement is hereby modified by replacing all references of "one year" time limit to "three years" time limit to institute claims.

Nothing in the Franchise Agreement or Development Agreement is intended to abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

Notwithstanding any provision of the Franchise Agreement, all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

Section 11(C) of the Franchise Agreement is hereby modified by adding the following sentence after the last sentence/subsection thereof: "However, the Franchisee shall not be required to indemnify for any claims to the extent such claims arise out of a breach of this Agreement or other civil wrong of the Franchisor."

Any obligations imposed on Franchisee as a result of any changes made by Franchisor to its Manual pursuant to the terms of the Franchise Agreement or Development Agreement will not place an unreasonable economic burden on Franchisee.

Notwithstanding any provision of the Franchise Agreement or Development Agreement to the contrary, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to Article 33 of the General Business Law of the State of New York.

Section 21(D) of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified by adding the word "apply to" in the first sentence thereof after the word "to" and before the word "obtain."

Notwithstanding Sections 21(A) or 21(E) of the Franchise Agreement, or Sections 11 or 15 of the Development Agreement, respectively, the choice of law and venue provisions should not be construed as a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

Section 4(A) of the Franchise Agreement is amended subject to the following:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and/or development agreement.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

Notwithstanding anything contained in the Franchise Agreement and/or Development Agreement, the following provisions modify and/or supplement the Franchise Agreement and/or Development Agreement:

> The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including Sections 15 and 3(B) of the Franchise Agreement outlining the termination and renewal of the Franchised Business, or Section 14 of the Development Agreement outlining termination of the Development Agreement. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including Sections 15 and 3(B) of outlining the termination and renewal of the Café or Section 14 of the Development Agreement outlining termination of the Development Agreement.
>
> In any litigation as provided in Section 21(E) of the Franchise Agreement or Section 15 of the Development Agreement involving a Café purchased in Washington, the litigation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the litigation, or as determined by the judge.
>
> Notwithstanding Section 21(A) of the Franchise Agreement or Section 11 of the Development Agreement, 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 Franchisee, as required by Sections 3(B)(6) and 13(E)(3) of the Franchise Agreement, shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
>
> Notwithstanding Section 13(E)(7) of the Franchise Agreement or Section 8 of the Development Agreement, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

Section 4(A(1) of the Franchise Agreement and Section 2 of the Development Agreement are hereby supplemented with the following:

Due to our financial condition, please be advised that we have secured a surety bond in the amount of $100,000 to demonstrate our financial capability to fulfill our pre-opening obligations to franchisees under the Franchise Agreement and/or Development Agreement that are subject to the jurisdiction of the Washington Franchise Investment Protection Act, which is on file with the Securities Division of the Washington Department of Financial Institutions

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 23(A) of the Franchise Agreement or Section 27 of the Development Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement and/or Development Agreement (as applicable). In the event of any conflict between the Franchise/Development Agreement and this Addendum, this Addendum shall be controlling. Except as