## 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 Maryland. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Maryland than in your own state.

2. **Spousal ~~Consent~~Liability.** Your spouse must sign a document that makes your spouse ~~lianle~~liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This gurantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) environment). Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture and state and local health and sanitation agencies have regulations related to the preparation of food and the condition of facilities that offer food to the public. The operation of your Kitchen may require a license for preparing and serving food on-premises. Your Kitchen will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally, including privacy laws. ~~Further, due to the Covid-19 pandemic, government shutdowns or shelter in place orders may affect your ability to operate your business fully.~~ Covid-19 restrictions in your jurisdiction may also place limitations on the number of individuals you may have inside your Kitchen and may require certain enhanced safety and sanitation measures be taken. You must investigate, keep informed of and comply with these laws.

You or your Operating Principal (if you are an entity) and your General Manager (and other employees as we may designate) must be ServSafe Manager Training (or similar at our discretion) certified and must be adult-child-infant CPR & First Aid Certified from an accredited institution following American Heart Association guidelines. These certiciations must be maintained at all times. You must also conduct employee background checks given that classes will be offered to children.

## ITEM 2
## BUSINESS EXPERIENCE

**Founder and Chief Executive Officer - Jessi Walter Brelsford**

Jessi Brelsford has been our Founder and Chief Executive Officer since our inception in November 2013. She is also the Founder and has been the Chief Executive Officer of Taste Buds Kitchen LLC since its formation in September 2007. Jessi is the spouse of Jeff Brelsford.

**Chief Operating Officer and Director of Facilities - Jeff Brelsford**

Jeff Brelsford has been our Chief Operating Officer and Director of Facilities since our inception in November 2013. Jeff is the spouse of Jessi Brelsford.

## 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

**Franchise Agreement**

**Initial Franchise Fee**

You must pay us an initial franchise fee of $45,000 for the right to establish a single Taste Buds Kitchen under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise

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

**Required Purchases**

We, and our affiliates, have spent considerable time, effort and money to develop the TBK System. Your Kitchen must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes.

Part of the appeal of the TBK System is the quality and consistency of the products and services offered to customers. Accordingly, you must purchase all food and beverage products, paper products, furniture, fixtures, decorations, uniforms, equipment, items and products containing the Proprietary Marks and other specified items exclusively in accordance with our standards and specifications that will be disclosed to you in the Operations Manual or otherwise. You must purchase these items from suppliers that we designate. We are not currently the sole supplier of any items, however we reserve the right to designate ourselves or our affiliates as the only approved supplier for the items noted above in the future. We reserve the right to earn a profit from the sale of items to our franchisees. Our officers, Jessi Walter Brelsford and Jeff Brelsford own an interest in us and in our affiliate. None of our officers have an ownership interest in any other approved supplier.

You must use Scheid Architectural to prepare your architectural drawings. You must conduct employee background checks using our approved suppliers. Due to the nature of our business and the contact with children, you must thoroughly screen all potential employees and contractors in accordance with the policies outlined in the Operations Manual before hiring them.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so. We will not permit you or another franchisee to be a supplier of any products or services to other TBK System Kitchens, unless we grant approval for same in writing.

We estimate that the current required purchases and leases described above in accordance with our standards and specifications and designated suppliers are approximately 100% of your overall purchases and leases to establish and operate the Kitchen.

**Approval of New Suppliers or Items**

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request. You must reimburse us for our reasonable costs of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the product or item (not to exceed $1,000).

## 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 any franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We 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 Jeff Brelsford at 800D Abruzzi Drive, Chester, MD 21619 and (443) 259-3511, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**Systemwide Outlet Summary**
**For years 2018, 2019, 2020**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2018 | 6 | 9 | +3 |
| | 2019 | 9 | 12 | +3 |
| | 2020 | 12 | 9 | -~~9~~3 |
| Company-Owned* | 2018 | 1 | 1 | 0 |
| | 2019 | 1 | 1 | 0 |
| | 2020 | 1 | 1 | 0 |
| Total Outlets | 2018 | 7 | 10 | +3 |
| | 2019 | 10 | 13 | +3 |
| | 2020 | 13 | 10 | -3 |

*The NY Company-owned outlet reflected in the above chart is owned and operated by our affiliate, as described in Item 1.

## STATE ADDENDUM

## CALIFORNIA

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this 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. § 78a et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code § 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement or Area Developer Agreement contain a provision that is inconsistent with the law, the law will control.

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

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

The Franchise Agreement and Area Developer Agreement require application of the laws of the State of Maryland. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Area Developer Agreement restricting venue to a forum outside the State of California.

§ 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

The Franchise Agreement requires the franchisee to sign a general release of claims as a condition of relocation, resale, or renewal of the franchise. § 31512 of the California Corporations Code provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Franchise Investment Law or any rule or order under it is void. Therefore, any general release of claims that you are required to sign under the Franchise Agreement will be considered amended to delete any waiver of Franchisor's compliance with the Franchise Investment Law. This will not prevent Franchisor from requiring you to sign a general release of claims, including claims arising under the Franchise Investment Law, as part of the negotiated settlement of a dispute.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.

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

The highest interest rate allowed by law in California is 10% annually.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

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.

THE FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

Franchisee: ____________________________ Date: ___________

Franchisor: ____________________________

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT ~~AND~~, AREA DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE ACKNOWLEDGEMENT STATEMENT, REQUIRED BY THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement or Area Development 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 or Area Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

Due to the franchisor's financial condition, the Securities Division of the Washington Department of Financial Institutions requires that the franchisor's collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and your franchised business is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the Division will require that the franchise fees be released proportionally with respect to each franchised business.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon by the parties at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

Item 5 of the Franchise Disclosure Document is hereby amended to provide that franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

~~RCW 49.62.060 provides that no franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of another franchisee or of the franchisor.~~

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

| | |
|---|---|
| ATTEST | TASTE BUDS KITCHEN INTERNATIONAL, LLC |
| ______________________<br>Witness | By:______________________________<br>Name:______________________________<br>Title:______________________________ |
| | FRANCHISEE: |
| ______________________<br>Witness | By:______________________________<br>Name:______________________________<br>Title:______________________________ |