

## FRANCHISE DISCLOSURE DOCUMENT



Tumble Fresh Franchising, LLC  
A Minnesota Limited Liability Company  
7616 Currell Boulevard, Suite 245,  
Woodbury, MN 55125-2295  
651-731-0515  
slinn@thelinnco.com  
<https://www.tumblefreshlaundry.com>

Tumble Fresh Franchising, LLC is offering franchises for the operation under the Tumble Fresh Coin Laundry name and logo of a self-service laundromat that provides quality, convenient and efficient washers and dryers in an inviting, vibrant laundry space.

The total investment necessary to begin operation of a Tumble Fresh Coin Laundry franchise is \$855,797 to \$1,937,507 This includes \$39,500 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under a two- to five-unit Multi-Unit Development Agreement (including the first unit) is \$886,297 to \$2,038,007. This includes \$69,000 to \$135,000 that must be paid to the franchisor.

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 this 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 governmental 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, please contact Stephen Linn at 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295 and 651-731-0515.

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, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 21, 2023 (See State Effective Dates page immediately prior to Receipt pages for state specific effective dates.)

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Tumble Fresh Coin Laundry business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Tumble Fresh Coin Laundry franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda (if any). See the Table of Contents for the location of the State Specific Addenda.

## Special Risk(s) 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 mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
3. **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.
4. **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.

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.

**NOTICE MANDATED BY SECTION 8 OF  
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or 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.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
Consumer Protection  
Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

## TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ...	1
Item 2 BUSINESS EXPERIENCE.....	2
Item 3 LITIGATION .....	2
Item 4 BANKRUPTCY .....	3
Item 5 INITIAL FEES .....	3
Item 6 OTHER FEES.....	4
Item 7 ESTIMATED INITIAL INVESTMENT .....	7
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	10
Item 9 FRANCHISEE’S OBLIGATIONS .....	13
Item 10 FINANCING .....	15
Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	17
Item 12 TERRITORY.....	23
Item 13 TRADEMARKS.....	26
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	28
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	29
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	30
Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	30
Item 18 PUBLIC FIGURES .....	35
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	35
Item 20 OUTLETS AND FRANCHISEE INFORMATION .....	42
Item 21 FINANCIAL STATEMENTS.....	45
Item 22 CONTRACTS .....	45
Item 23 RECEIPTS.....	45

### Exhibits

- A. State Administrators and Agents for Service of Process
  - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
  - C. Multi-Unit Development Agreement
  - D. Rider to Lease Agreement
  - E. Form of General Release
  - F. Financial Statements
  - G. Brand Standards Manual Table of Contents
  - H. Current and Former Franchisees
  - I. State Addenda to Disclosure Document
  - J. State Addenda to Agreements
  - K. Electronic Transfer of Funds Authorization
  - L. Alerus Loan Documents
- State Effective Dates  
Receipt (2 copies)



**Item 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

In this disclosure document, “we”, “us,” or “our” refers to Tumble Fresh Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, Predecessors and Certain Affiliates

Our name is Tumble Fresh Franchising, LLC. Our principal business address is 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295. We are a Minnesota limited liability company formed on April 7, 2022. We began offering Tumble Fresh Coin Laundry franchises in June 2022. We do business under the names “Tumble Fresh Franchising, LLC” and “Tumble Fresh Coin Laundry”. We do not intend to use any other names to conduct business. We do not have any parent entities.

Although we have never operated a Tumble Fresh Coin Laundry location, as of December 31, 2022 our affiliate Linn Retail Centers, Inc. (“Linn”) operated 12 Tumble Fresh Coin Laundry locations, 11 in Minnesota and 1 in Wisconsin. Linn began operating Tumble Fresh Coin Laundry locations when it opened its first Minnesota location in 2011. Linn may be considered a predecessor of ours as it has licensed the Tumble Fresh Coin Laundry trademarks to us. It has never offered franchises in any line of business. It has the same principal business address as we do.

We do not have any affiliates that provide products or services to our franchisees, other than L/C Commercial, LLC (“LCC”). LCC may provide commercial real estate support services to our franchisees. LCC’s principal business address is the same as ours. LCC has never operated the type of business a Tumble Fresh Coin Laundry franchisee will operate nor has it offered franchises in any line of business.

We do not have any affiliates that offer franchises in any line of business other than Pet Fresh Franchising, LLC (“Pet Fresh”). Pet Fresh has the same principal business address as we do. Pet Fresh offers franchises under the Pet Fresh Dog Wash name for self-serv pet washing bays which may include a pet grooming facility. It began offering these franchises in June 2022. As of December 31, 2022 it had no Pet Fresh Dog Wash franchisees. It has never conducted a Tumble Fresh Coin Laundry business nor offered Tumble Fresh Coin Laundry franchises. If you would like to open a Pet Fresh Dog Wash in conjunction with your Tumble Fresh Coin Laundry location please contact Pet Fresh. Of the 12 Tumble Fresh Coin Laundry locations discussed above, 4 of them are operated in combination with a Pet Fresh Dog Wash unit, 2 of these units are located within the Tumble Fresh Coin Laundry locations, and 2 are stand-alone units located adjacent to the Tumble Fresh Coin Laundry locations.

Our agent for service of process in Minnesota is William Wallace, and the agent’s principal business address is 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295. Our agents for service of process in other states are disclosed in Exhibit A.

## Information About the Franchises Offered

If you sign a franchise agreement with us, you will develop and operate a self-service laundromat that provides quality, convenient and efficient washers and dryers in an inviting, vibrant laundry space under the trade name Tumble Fresh Coin Laundry. The size of these locations vary from a minimum of 2,900 square feet to a maximum of 4,800 square feet.

If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Tumble Fresh Coin Laundry outlets, on an agreed-upon schedule. For each outlet you open, you must sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

You will operate in a self-service laundromat market that is well developed. Our products *or* services are offered year-round. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering self-service laundromats.

## Laws and Regulations

You must comply with all federal, state and local regulations applicable to your business. We are not aware of any laws or regulations specific to the industry in which the franchise business operates.

You should consult with a legal advisor about legal requirements that may apply to your business.

## **Item 2 BUSINESS EXPERIENCE**

### **Stephen Linn – President and Chief Manager**

Stephen Linn has been our President and Chief Manager since April 2022. Mr. Linn has acted as the CEO and CFO of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since 1980. He has also acted as the President and Chief Manager of our affiliate Pet Fresh located in Woodbury, MN since April 2022.

### **Jeffrey Linn – Vice President**

Jeffrey Linn has been our Vice President since April 2022. He has also served as a Vice President of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since August 1983. He has also acted as the Vice President of our affiliate Pet Fresh located in Woodbury, MN since April 2022.

### **Amy Dumonceaux – Secretary**

Amy Dumonceaux has been our Secretary since April 2022. She has served as a Vice President and the Secretary of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since June

1995. She has also acted as the Secretary of our affiliate Pet Fresh located in Woodbury, MN since April 2022.

**Kenneth Rohlf – General Counsel**

Kenneth Rohlf has been our General Counsel since April 2022. He served as the President and General Counsel of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN from September, 2018 through December 2022. He practiced law at LeVander, Gillen & Miller, P.A. located in South St. Paul, MN from September 1991 to August 2018. He has also served as the General Counsel for our affiliate Pet Fresh located in Woodbury, MN since April 2022.

**William Wallace – COO**

William Wallace has been our Chief Operating Officer since April 2022. He has served as the Chief Operating Officer of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since July, 2019, taking on the additional role of President in January 2023. He served as the Regional Director of Operations for Holiday Companies located in Bloomington, MN from September 1999 to March 2019. He has also served as the Chief Operating Officer of our affiliate Pet Fresh, located in Woodbury, MN since April 2022.

**Amanda Knuutila – Sales Support Manager**

Amanda Knuutila has served as our Sales Support Manager since April 2022 and as the Sales Support Manager for our affiliate Pet Fresh located in Woodbury, MN since April 2022. She has also served as the Sales Support Manager for our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since July 2018. Before that she worked as a Store Manager for Linn beginning in June 2011 to July 2018.

**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 Fee**

When you sign your franchise agreement, you must pay us \$39,500 as the Initial Franchise Fee. This fee is uniform and is not refundable.

## Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your Initial Franchise Fees will be reduced in accordance with the following schedule:

### Per Unit Initial Franchise Fee

2 Units - \$34,500

3 Units - \$32,000

4 Units - \$29,500

5 Units - \$27,000

Each unit after the first unit must be opened within one-year of the previous unit being opened. You will pay all Initial Franchise Fees upon signing the MUDA. They are uniform and not refundable.

## **Item 6 OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	6% of your monthly Gross Sales	Monthly, by the 1 <sup>st</sup> Tuesday of the following month	See Note 1 and Note 2.
Marketing Fund Contribution	2% of your monthly Gross Sales	Monthly, by the 1 <sup>st</sup> Tuesday of the following month	See Item 11 for a detailed discussion about these funds. Amounts due will be withdrawn by electronic wire transfer from your designated bank account.
Local Advertising	1% of your monthly Gross Sales	Upon demand	If you fail to spend at least 1% of your monthly Gross Sales on local advertising we have approved in your market, you must pay us the difference and we will spend that amount in your market area.
Replacement / Additional Training fee	Currently, \$300 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days’ notice. We can then charge you \$250 per week until you correct such non-compliance.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 1.5% per month (or, if such rate exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or maximum allowed by law, whichever is less)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Sales by more than 3% for any period.
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.

Type of Fee	Amount	Due Date	Remarks
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you transfer the franchise or sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

#### Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, payment for any services or products sold by you, whether for cash or credit. Gross Sales shall also include, but not be limited to, commissions generated by ATM and/or Bitcoin machines. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. We currently require you to pay royalty fees, brand fund contributions and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this disclosure document as Exhibit K or other form that we may require) for

direct debits from your business bank operating account. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported Gross sales for any reporting period, we can, at our option, debit your account in an amount equal to 125% of the last Gross Sales reported to us, and we will true-up the actual fees after you report Gross Sales.

**Item 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

Type of Expenditure (see Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$39,500	Check or wire transfer	Upon signing the franchise agreement	Us
Lease Security Deposit (see Note 2)	\$4,500 - \$12,500	Check	Upon signing lease	Landlord
Rent (see Note 3)	\$23,797 - \$76,007	Check		
Utilities	\$500 - \$1,000	Check, debit, and/or credit	Upon ordering service (Does not include regular monthly utility bills after location is opened).	Utility providers
Leasehold Improvements (see Note 4)	\$300,000 - \$750,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$5,000 - \$20,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$400,000 - \$800,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems (see Note 5)	\$25,000 - \$60,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance	\$500 - \$3,000	Check	Upon ordering	Insurance company

Type of Expenditure (see Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$39,500	Check or wire transfer	Upon signing the franchise agreement	Us
Signage (see Note 6)	\$8,000 - \$100,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$4,000 - \$6,000	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits	\$1,000 - \$2,500	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.)	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$1,500 - \$2,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 7)	\$40,000 - \$60,000	Varies	Varies	Employees, suppliers, utilities
Total	\$855,797 - \$1,937,507			This is the total estimated initial investment to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7). See Note 3.

Notes to Chart Above

1. The low estimates in the chart above are for the opening and operation of a Tumble Fresh Coin Laundry location with 2,900 square feet. The high estimates are for a Tumble Fresh Coin Laundry location with 4,800 square feet. Other than your lease security deposit and utility deposits under certain circumstances, none of the other expenditures in this table are



refundable. Neither we nor any affiliate finances any part of your initial investment. However, see Item 10 for financing options.

2. We expect that you will lease the location for your Tumble Fresh Coin Laundry. These estimates in this table assume you pay a security deposit of one month's rent before you open for business.
3. Rents costs are generally between approximately \$33 and \$63 per square foot in the Minneapolis/St. Paul, Minnesota market, including CAM and taxes, and will vary in other markets. The low estimate is for a 2,900 square foot location and the high estimate is for a 4,800 square foot location. Each estimate is for the payment of the 3 month's rent. If you choose to purchase the real estate for your location the costs will be significantly higher.
4. The low estimate assumes that your landlord provides a tenant improvement allowance for a significant portion of the improvements to the location and that minor updates to the mechanical systems such as HVAC and ventilation, or utilities such as water, sewer, electric and gas are needed. The high estimate assumes the location will require significant mechanical and utility improvements and that your landlord provides a small tenant improvement allowance and you are responsible for paying for the improvements to the location. Both estimates assume that you meet our design and décor requirements for your location.
5. Each of these estimates include the cost to acquire a computer and the payment processing system that we require along with a subscription to the wireless portal we require. Although we do not require you to use any specific computer software in your business we do require that you use some type of accounting software to manage the finances of your business and that you subscribe to and use a wireless portal meeting our specifications. we have included these costs in these estimates.
6. The low estimate assumes one exterior sign over the front door of location. The high estimate assumes signs on 4 sides of the building and a monument sign with an electronic message center.
7. This includes any other required expenses you will incur before operations begin and during the initial 3 month period of operations, such as payroll, additional inventory, rent, and other operating expenses. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Tumble Fresh Coin Laundry locations by our affiliate.

**YOUR ESTIMATED INITIAL INVESTMENT – MULTI UNIT DEVELOPMENT AGREEMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
First franchise (see Note 1)	\$816,297 - \$1,898,007	Varies	Varies	Various Vendors and Us
Initial franchise fees for 2-5 Units (see Note 2)	\$69,000 - \$135,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
<b>Total</b>	<b>\$886,297 - \$2,038,007</b>			

Notes to Multi-Unit Development Agreement Chart Above

1. These costs were taken from the initial chart in this Item 7 except that we have excluded the Initial Franchise Fee as that cost is accounted for in the row below. You would otherwise incur these costs for the initial laundry location opened under the MUDA. For your second and each subsequent laundry location, your costs may be higher than the above estimates due to inflation and other economic factors.

2. All Initial Franchise Fees are due at the time the MUDA is signed. The low estimate is for the Initial Franchise fees for 2 Tumble Fresh Coin Laundries (\$34,500 x 2) and the high estimate is for 5 of these locations (\$27,000 x 5). See Item 5 for additional information.

**Item 8  
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications.

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale system and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale system, including software and hardware, that we specify. We have a single unaffiliated supplier for the point-of-sale system. See Item 11 for more details. You must also subscribe for and use a wireless portal meeting our specifications.

D. Equipment, furniture, signage, A/V, security, design and decor. All equipment, including water heaters and water softeners, car vacuums, relay panel to control lighting, televisions, laundry and trash receptacles, soap venders, vending machines, bill changers, coin scales, laundry carts, mop buckets and brooms; furniture, including tables, benches and seats, step stools, and infant changing stations; interior and exterior signage, including graphics, wraps for your ATM and vending machines; design and décor, including awning on your business location must meet our specifications. We also have approved suppliers for most of these items.

#### Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future. If we become the supplier of a good or service, we intend to make a profit on any goods or services we sell to you. We do have one affiliated supplier for commercial real estate support services but you have no obligation to use this supplier.

#### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees, other than L/C Commercial, LLC, our affiliated supplier.

#### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers for an item or service for which we do not have only a sole supplier, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and

reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 8 weeks after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose).

#### Revenue to Us and Our Affiliates

As we had no franchisees in 2022, we did not derive revenue from the required purchases and leases by franchisees.

#### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are approximately 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are approximately 50% of your total purchases and leases of goods and services to operate your business.

#### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so and we intend to receive rebates or other payments from various suppliers based on franchisee purchases. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases. They may also provide us and our affiliates with credits on purchases we and our affiliates make from them based on the volume of purchases our franchisees make from them. Although these rebates may range in type and form, they may be up to 10% of the purchase price of the goods or services. We also receive compensation from our preferred lender in connection with franchisees who obtain loans from this lender to develop their Tumble Fresh Coin Laundry location. See Item 10 for additional information.

#### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

### Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

### Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## **Item 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: § 5.4; Section 6 MUDA: §§1(a), 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 4.4, 5.3, 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 6, 7 and 11
e. Opening	FA: §§ 6.4, 6.5 MUDA: §1(a)	Items 5, 7, 8 and 11
f. Fees	FA: Section 4, §§ 5.5, 7.8, 9.3, 10.5, 11.2, 11.3, 14.4, 15.2, 16.1, 17.6 MUDA: §§1(a), 1(b)	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	FA: §§ 4.5, 6.4, 7.1, 7.2, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1 – 10.4, 11.1, 11.2 MUDA: Sections 1 and 6	Items 6, 8, 11, 12 and 14

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
h. Trademarks and proprietary information	FA: Section 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 6.1, 6.3, 7.3, 7.5, 7.8, 7.9 MUDA: Not Applicable	Items 6, 8 and 16
k. Territorial development and sales quotas	FA: Not applicable MUDA: §1(a), 4(ii)	Item 12
l. Ongoing product/service purchases	FA: Section 8 MUDA: Not Applicable	Items 6, 8 and 16
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 7, 8 and 11
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Section 9 MUDA: Not Applicable	Items 6 and 11
p. Indemnification	FA: Section 16 MUDA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: §§ 2.4, 5.2, 5.5, 7.5(a) MUDA: Not Applicable	Items 11 and 15
r. Records and reports	FA: Section 10 MUDA: Not Applicable	Items 6 and 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Section 15 MUDA: Section 7	Items 6 and 17
u. Renewal	FA: §§ 3.2, 6.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Section 13, § 14.3, Attachment 3 MUDA: Not Applicable	Item 17

Obligation	Section in agreement	Disclosure document item
w. Non-competition covenants	FA: § 13.2, Attachment 3 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Section 17 MUDA: Section 7	Items 6 and 17

## Item 10 FINANCING

Except as disclosed below, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

### SBA Loan

We have a relationship with Alerus Financial, N.A. who will provide SBA financing to our franchisees who qualify for this financing with Alerus. Alerus will pay us as a referral fee .5% of the total loan amount of a franchisee we refer to Alerus who obtains financing from Alerus. Although it will depend on the size of the transaction and the creditworthiness of the franchisee, Alerus will generally offer up to \$5,000,000 in financing to finance the cost of the development of a Tumble Fresh Coin Laundry location, based on credit approval. Interest rates will range from prime plus 1.25%-2.75% depending upon various factors including creditworthiness. Financing is offered as a Small Business Administration (“SBA”) loan that typically requires an advance payment of up to 85%. Alerus also collects a security deposit of \$2,500. Loan terms vary from 120 months to 300 months. The amount of your loan payments will depend on the amount financed, the use of funds (equipment, leasehold improvements, working capital, business acquisition or real estate), the term of any lease, and the interest rate. You must give notice to Alerus of your intent to prepay the loan. (Borrower Certification, Section A.1). Loans that are 10 years in length with no or little real estate involved will generally not have prepayment penalties. Loans that are 20 or 25 years in length and which are for primarily real estate, have a prepayment penalty based upon when the prepayment occurs, a prepayment penalty of 5% of the outstanding loan amount if paid in first year, 3% if paid in the second year and 1% in the third year or after.

To be eligible for a loan from Alerus, you must meet the credit requirements of Alerus, and other credit, background and financial requirements of the SBA. In connection with the loan you must sign the documents required by Alerus, certain of the forms of which are attached as Exhibit L. These include a Loan Agreement, Promissory Note, Security Agreement, Lessor’s Agreement, and Guarantee.

The Loan Agreement requires you to provide Alerus with all certifications, documents or other information required, execute the note and any other documents required by Alerus, and do everything necessary to comply with the terms and conditions of the Authorization. (Loan Agreement, Section 1.) The Loan Agreement notes that your failure to abide by any of Alerus’s

requirements will constitute an event of default under the note and other loan documents. (Loan Agreement, Section 3.).

You will be in be in default under the Note if you fail to pay amounts owed when due or you breach any other provisions of the lease documents, including not preserving the collateral, making false statements to or withholding material facts from Alerus or SBA, failing to pay taxes, defaulting on a third party loan, becoming bankrupt, having a receiver or liquidator appointed, making an assignment for the benefit of creditors, having a material adverse change in financial condition, reorganization or restructuring, or becoming the subject of civil or criminal actions. (Note, Section 4.) If you default on the Note, Alerus may, at its election, accelerate and require that you pay all accrued and unpaid amounts outstanding, and all of the remaining payments due under the financing agreement. (Note, Section 4.) Alerus may take possession of the collateral, sell it and apply the proceeds against what you owe Alerus after deducting any costs it incurs. (Note, Sections 4-5.) Under the Note, you waive all suretyship defenses and, to the extent allowed by law, waive all demands and notices in connection with the Note. (Note, Section 9.).

You may be required to grant a security interest in property (“Collateral”) to secure the Note. (Security Agreement, Sections 2-4.) The Collateral may consist of all business assets and in some cases a secured interest in personal real estate. You must certify that you own the Collateral, have the legal authority to grant a security in the Collateral, that your ownership is free of adverse claims, that the loan nor the Collateral are for personal, family or household purposes. (Security Agreement, Section 14.) You may not sell, lease, license or otherwise transfer all or any part of the Collateral or Alerus’s interest in the Collateral. (Security Agreement, Section 5.) You must notify Alerus of any change in the Collateral location; allow Alerus to inspect the Collateral upon reasonable notice; maintain the Collateral in good condition; pay any taxes, levies or assessments on the Collateral; keep current on any rent or mortgage where the Collateral is stored; maintain hazard insurance on the collateral, at your cost; and assign any proceeds of such policies to Alerus. (Security Agreement, Section 6.) Under the Security Agreement, you must give Alerus no less than 30 days’ notice before reorganizing the business; moving your place of business; changing the jurisdiction of organization; or changing your name. (Security Agreement, Section 7.) As part of the Security Agreement you consent to Alerus filing the necessary documents to perfect their interest in the Collateral and you agree to take all actions required to assist in such matter. (Security Agreement, Section 8.) You will be in default under the Security Agreement if you fail to pay amounts owed when due or you breach any other provisions of the lease documents, making false statements to or withholding material facts from Alerus, or another party exercises its rights against the Collateral. (Security Agreement, Section 9.) Upon default, you must make the Collateral available to Alerus, and Alerus may, at its election, accelerate and require that you pay all accrued and unpaid amounts outstanding, and all of the remaining payments due under the financing agreement. (Security Agreement, Section 9.) Unless the Small Business Administration holds the Note, the laws of the jurisdiction where you are located will govern the Security Agreement. (Security Agreement, Section 11.)

If the Collateral is to be located on leased premises, your landlord will be required to enter into the Lessor’s Agreement, which will require your landlord to give notice to Alerus of



any breach or default of the lease; and subsequently, give Alerus the right, upon your default of the, and with 48 hours prior written notice, to enter into the leased premises to enforce its lien upon the Collateral. (Lessor's Agreement, Sections 3-6).

Alerus may require as a condition to making any loan that your owners, or another guarantor, personally guaranty your obligations to Alerus. Such Guarantee may be limited by a balance reduction, principal reduction, maximum liability, a percentage of total amounts owing, by a deadline, by Collateral, or to community property or spousal interest. (Unconditional Limited Guarantee, Section 4.) Under the Guarantees, the guarantors are jointly and severally liable, and waive all defenses and notices. (Unconditional Guarantee, Sections 7 and 10.) The guarantors share in the duty to preserve the Collateral; pay all expenses to enforce the Guarantee, including attorneys' fees; will have no subrogation rights until the Note is paid in full; and must sign all documents necessary to comply with the loan documents, including financial statements. (Unconditional Guarantee, Section 10.)

A copy of the loan documents proposed by Alerus are attached to this disclosure document as Exhibit L.

## **Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

### Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Franchise Agreement - Section 5.4(a)). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, lease terms and size of proposed location. Your location must be at least 2,900 square feet but not more than 4,800 square feet unless we otherwise approve.

- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Franchise Agreement - Section 6.1). If we and you cannot agree on a site within 90 days of the date you sign your Franchise Agreement we may terminate your Franchise Agreement and retain any amounts you have paid to us. (Franchise Agreement – Section 14.2(c)). Once we approve your site, if you are leasing property for the site, your landlord must sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. (Franchise Agreement - Section 5.4(b)).

C. *Hiring and training employees.* We will provide you with our suggested staffing levels, suggested guidelines for hiring employees, operational instructions in the Manual which you can use as part of your training of new employees (Franchise Agreement – Sections 5.2 and 5.3), and our initial training program described below. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Franchise Agreement – Section 5.4(b)). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Brand Standards Manual.* We will give you access to our Brand Standards Manual (Franchise Agreement - Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section Franchise Agreement - 5.4(d)). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Franchise Agreement - Section 5.4(c)).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Franchise Agreement - Section 9.6).

I. *On-site opening support.* We will have a representative provide on-site support for one to three days in connection with the opening of your Tumble Fresh Coin Laundry location. (Franchise Agreement - Section 5.4(e)).

## Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6-9 months if you are leasing the location. If you are developing the location the length may be a year or more. Factors that may affect the time period include your ability to purchase property or sign a lease, obtain governmental development approvals, obtain financing, develop your location, obtain business permits and licenses, and hire employees. You must open your business within 270 days after you sign your lease or sublease for the location or you otherwise acquire property control (Franchise Agreement – Section 6.5), unless the location is the second or more Tumble Fresh Coin Laundry location to be opened under a Multi-Unit Development Agreement. Then you must open the business to the public within 1 year of the last opening of a location by you under the Multi-Unit Development Agreement.

## Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels, suggested guidelines for hiring employees, and operational instructions in the Manual which you can use as part of your training of new employees. (Franchise Agreement – Sections 5.2 and 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Advice on operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement – Section 5.5(a)).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Franchise Agreement – Sections 5.5(b) and 7.4).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Franchise Agreement – Section 5.5(c)). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund. (Franchise Agreement – Section 5.5(d)). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Franchise Agreement – Section 9.3).

G. *Website.* We will maintain a website for the Tumble Fresh Coin Laundry brand, which will include your business information and telephone number. (Franchise Agreement – Section 5.5(e)).

### Advertising

*Marketing Fund.* The purpose of the Marketing Fund is to develop programs that benefit the Tumble Fresh Coin Laundry brand and promote the Tumble Fresh Coin Laundry marks and any other marks we may license for use in the business. This means we may use monies in the Fund for any purpose that promotes the Tumble Fresh Coin Laundry name and logo, other marks we license to you and the overall brand, including the creation, production and placement of advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns and the cost to maintain and update our website, web pages, social media and social networking sites, profiles and accounts and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities; and the cost to produce marketing materials, including mailers, that our franchisees may use.

Although media coverage is primarily local, we may place advertising in regional or national media of our choice, including print, direct mail, electronic and online advertising, radio or television. We may create advertising materials in-house or use national, regional or local agencies. We do not guarantee that advertising expenditures from the Fund will benefit you or any other franchisee directly, on a pro-rate basis, or at all. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising. No money from the Marketing Fund is spent principally to solicit new franchise sales but we may use monies in the Fund to update and administer the brand website, which may contain information on franchise opportunities.

You must contribute 2% of your Gross Sales per month to the Marketing Fund. (Franchise Agreement – Section 4.3). We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request. If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year

Because we had no franchisees in 2022 we did not collect any Marketing Fund contributions from franchisees and did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your Tumble Fresh Coin Laundry location. (Franchise Agreement – Section 9.6).

*Required local advertising spending.* After you open, you must spend at least 1% of Gross Sales each month on marketing your business. If you fail to spend this amount in any month you must pay us the difference and we will spend it in your market area. This local advertising requirement is separate from your obligation to make Marketing Fund contributions as discussed above. (Franchise Agreement Section – 9.5).

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. (Franchise Agreement – Section 9.1). If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

### Point of Sale and Computer Systems

You must use the FasCard Payment Processing Systems for your point-of-sale system. The FasCard system works with existing coin laundry machines and accepts coins, credit/debit cards and loyalty cards. This system will generate or store data such as inventory/product details, sales transactions, client, employee, scheduling, reporting, and accounting information. You must also use the Tumble Fresh Coin Laundry app. The app has various features, including the ability to accept payments from customers. You must also subscribe for and use a wireless portal meeting our specifications. Although we do not require you use any specific computer software in your business we do require that you use some type of accounting software to manage the finances of your businesses.

We estimate that this system will cost between \$25,000 and \$60,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates for the FasCard system. We are not aware of any third parties with an obligation to repair, update, upgrade or maintain this system.

You must enter into a subscription contract for the FasCard system described above.

We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. These costs may range anywhere from \$1,000 to \$25,000.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$600 to \$1,200.

You must give us independent access to the information that will be generated or stored in the FasCard system. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

## Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 298 pages.

## Training Program

Our training program consists of the following:

### **TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction – Brand Standards	0.5	0	Our Location, Woodbury, MN or Your Location
Customer Service and Visual Standards	1	2	Our Location, Woodbury, MN or Your Location
Equipment – Preventative Maintenance & Repair	1	3	Our Location, Woodbury, MN or Your Location
Annual Preventative Maintenance	.5	1	Our Location, Woodbury, MN or Your Location
Store Security	1	1	Our Location, Woodbury, MN or Your Location
Accounting Operations	2	3	Our Location, Woodbury, MN or Your Location
FasCard Payment System Training	2	1	Our Location, Woodbury, MN or Your Location
Lottery Operations	0	1	Our Location, Woodbury, MN or Your Location
Cleaning Operations	1	2	Our Location, Woodbury, MN or Your Location
Marketing	3	1	Our Location, Woodbury, MN or Your Location
Vending Operations	1	2	Our Location, Woodbury, MN or Your Location
<b>Total</b>	<b>13</b>	<b>17</b>	

The classroom portion of our Initial Training Program must be completed at least four weeks before the location is scheduled to open for business. The on-the-job portion of our Initial Training Program must be completed by the proposed opening date for the location. If you fail to successfully complete this training in the times discussed above we can terminate the franchise agreement with no refund of the Initial Franchise Fee whether paid under a Franchise Agreement or the MUDA. (Franchise Agreement - Section 5.4(d); MUDA - Section 1(b)).

Training classes will be scheduled in accordance with the needs of new franchisees. Training classes will be held in advance of the opening of the franchisee's location, doing so remotely, at a corporate location, and at the franchisee's location once sufficient build-out has been completed and close to being open. The instruction materials consist primarily of our Brand Standards Manual.

Amanda Knuuttila is in charge of our training program. Ms. Knuuttila is our Tumble Fresh Coin Laundry and Pet Fresh Sales Support Manager. She has been with Linn Retail Centers, Inc., since 2011 but became involved in the commercial laundromat industry in 2020. Our actual trainers may have various lengths of experience depending on the individual delegate, but they would typically have minimally one year of experience, if not more, and have had successfully completed both their own training and facilitation of others' training in the past.

There is no fee for up to 4 people to attend our Initial Training Program. You are responsible for the travel and living expenses of your employees or managers attending training.

You and your Principal Executive, if different from you, and your general manager, if any, must attend training. The Principal Executive is the executive primarily responsible for your business and must have decision-making authority on behalf of the business. You may send any additional persons to training that you want (up to the maximum described above).

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. (Franchise Agreement 7.5(a)). If you need to send a new general manager to our training program, we will charge a fee, which is currently \$300 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Search Area

If you do not have a site for your Tumble Fresh Coin Laundry location when you sign the franchise agreement, we will list a general "search area" in the franchise agreement. You do not acquire any rights, exclusive or otherwise, in this area. It is only the area in which you will look for a site for your location. We may grant other people a franchise for this area as well. Once you

identify a site for your location, and we approve that site, we will then update the franchise agreement to identify this location.

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will generally encompass an area surrounding your location that is the lesser of 2 miles or an area encompassing 20,000 in population.

### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Tumble Fresh Coin Laundry business, (3) you must be in compliance with all brand requirements at your open Tumble Fresh Coin Laundry business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets. If the MUDA is terminated, we will retain any amounts you have paid to us.

### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Territory

During the term of your franchise agreement, we will not establish either a company-owned or franchised outlet that is physically located in your territory selling the same or similar goods or services under the Tumble Fresh Coin Laundry name. Other than this limitation there are no prohibitions on us in your territory. For example, we can establish and operate and allow others to establish and operate similar or identical businesses within the territory if such businesses do



not operate under the Tumble Fresh Coin Laundry name, and to establish and operate and allows others to establish and operate similar or identical business outside of your territory under any trademarks even if the businesses compete with your location in your territory. We can also establish and operate and allow others to establish and operate businesses inside the territory under the any of our trademarks so long as the businesses are not competitive with your business. We can acquire businesses in the territory that are similar to your business or sell our business whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to your business. In any event, the continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you will receive what we refer to as a “development area” within which to locate your Tumble Fresh Coin Laundry locations. However, you will not receive any territorial protection whatsoever in the development area.

In either case above, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

#### Restrictions on Us from Soliciting or Accepting Orders

There are no restrictions on us from soliciting or accepting orders from costumers inside your territory or development area. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory or development area using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory or development area.

#### Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that all marketing and advertising is subject to our approval.


#### Competing Systems

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so. If you will be operating a Pet Fresh Dog Wash location in connection with your Tumble Fresh Coin Laundry location, as discussed in Item 1, our affiliate Pet Franchise Franchising, LLC is offering and selling Pet Fresh franchises which would compete with your Pet Fresh Dog Wash location. These outlets may be owned by our affiliate or its franchisees. Our affiliate and its franchisees will be able to solicit and accept orders from customers within your territory. We will have the right to resolve all conflicts you may have with us or our affiliate as it relates to a Pet Fresh Dog Wash location and between franchisees of our system and the Pet Fresh Dog Wash system. We have the same principal business address as Pet Fresh Franchising, LLC and we do not maintain or plan to maintain physically separate offices or training facilities with Pet Fresh Franchising, LLC.

**Item 13  
TRADEMARKS**

Principal Trademark

The trademarks in the chart below are the principal trademarks that we license to you. These trademarks are owned by our affiliate, Linn Retail Centers, Inc. (“Linn”). We do not have a federal registration for these trademarks. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses. Our affiliate has filed applications for registration on the Principal Register of the United States Patent and Trademark Office for the trademarks in the chart below.

Trademark	Application Date	Identification Number
 (Design Mark)	December 9, 2021	97164366
Tumble Fresh Coin Laundry (Word Mark)	December 9, 2021	97164350

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

However, Clarified, Inc. (“Clarified”) objected to Linn’s proposed registrations above based on the allegation that they conflict with its registrations of their various Tumble design marks and the Tumble word mark. In March 2022, Linn and Clarified resolved this matter and entered into a Settlement and Release Agreement and a Trademark Coexistence and Consent Agreement. Under the Settlement and Release Agreement Clarified granted Linn a non-exclusive irrevocable license throughout the United States to use the word “Tumble” in connection with a software application meeting certain standards to be used in connection with Tumble Fresh Coin Laundry locations and so long as the words Fresh or Fresh Coin Laundry appear in connection with the word Tumble. The license extends to Linn, its subsidiaries, affiliates and franchisees. Clarified may terminate the license upon a breach of the Agreement by Linn or its permitted sublicensees. The term of this Agreement is 5 years with the right to renew by Linn for 10 additional one year terms and an obligation of the parties to negotiate in good faith for a further extension.

Under the Trademark Coexistence and Consent Agreement Clarified has consented to registration at the USPTO of the marks in the chart above. Linn is prohibited from using any of Clarified’s registered marks and Clarified is prohibited from using any of the marks in the chart

above so long as there is an application on file at the USPTO or a valid registration in effect. Clarified has acknowledged that use of the word Tumble by Linn is permitted so long as it is used with the word Fresh or the words Fresh Coin Laundry. Linn is prohibited from using the trademarks in the chart above, and from filing a trademark application that incorporates Clarified's Tumble mark for certain items, including washing and drying machines, rental of laundry equipment, laundry pick-up or delivery services, an online laundry marketplace and various other services. However, the parties agreed that the use by Linn or its licensees of Clarified's Tumble mark with the software application described above and washing and drying laundry facilities is not a violation of the Agreement. The parties have also agreed to refrain from taking action that would hinder either party from registration or use of its marks.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

As discussed above, Linn owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Linn, dated March 30, 2022, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is 30 years in length with a renewal term of 30 years unless a party provides notice of nonrenewal. It may be modified only by mutual consent of the parties. It may be canceled by Linn only if we or a franchisee materially misuse the trademarks or we breach the agreement and in either case fail to correct the misuse. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. Linn also has the right to withdraw the trademarks based on infringement or if it loses the right to them.

### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

## Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. There are also various parties in various industries using various of the terms that make up our principal trademarks as a part of their corporate name or to describe their business or business services.

### **Item 14**

## **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include site plans and space designs, guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public

plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, site plans, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

## **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

#### Your Participation

You are not required to participate personally in the direct operation of your business. However, we highly recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and must have decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

You may not engage a third-party management company to manage or operate the business without our prior written approval.

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

## Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when operating your Tumble Fresh Coin Laundry location. Your location must be open to the general public for the minimum days of the week and minimum hours we may specify. You must participate in our customer satisfaction programs, including surveys and provide any guarantees we require.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

### **Item 17**

#### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

##### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Section 1	10 years from date of franchise agreement.  2-5 years depending upon number of locations you agree to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to 2 additional 5-year terms.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year

Provision	Section in Franchise or Other Agreement	Summary
		<p>term. This contract may contain materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.</p>
d. Termination by franchisee	FA: § 14.1 MUDA: Section 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.</p> <p>If you sign a MUDA, you may terminate it at any time.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: Section 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a MUDA, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we can terminate your MUDA.</p>
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2(c) MUDA: Section 4	FA: Misrepresentation when applying to be a franchisee; failure to obtain approval of the site for your location within 90 days of the date you sign the franchise agreement; failure to open within 270 days after you obtain property

Provision	Section in Franchise or Other Agreement	Summary
		control; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: failure to meet development schedule, including opening requirements; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.5 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: Section 7	No restriction on our right to assign
k. “Transfer” by franchisee - defined	FA: § 15.2 MUDA: Section 7	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	FA: § 15.2 MUDA: Section 7	No transfers without our approval.
m. Conditions for franchisor’s approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you’ve made all payments to us and are in compliance with all contractual



Provision	Section in Franchise or Other Agreement	Summary
		requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	FA: § 14.5 MUDA: None	We have the right at expiration or termination of your franchise agreement to purchase any or all of the assets related to your business, and/or to require you to assign your lease or sublease to us or to enter into a lease with us on commercially reasonable terms, including a 10 year lease term, at current market rates, if the real estate is owned by you or an affiliate.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2(a) MUDA: none	<p>Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor or any business or other venture offering or selling franchises or licenses for the operation of a Competitor.</p> <p>Competitor means any business or other venture that offers self-service laundry services, including a business or other venture that provides the use of washers or dryers or other services traditionally provided by a laundromat.</p>
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2(b) MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have an ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a Competitor

Provision	Section in Franchise or Other Agreement	Summary
		<p>located or doing business within your former territory, including at the location of your laundry, a 15 mile radius of your former territory or the territory of any other Tumble Fresh Coin Laundry business operating on the date of termination of the franchise agreement. During this period, no involvement in a business that is located at the location of your business or otherwise in the prohibited area that is offering or selling franchises or licenses for a Competitor, or that is located outside of the prohibited area that is offering or selling franchises or licenses for Competitors located or to be located in the prohibited area.</p> <p>If there is no territory identified in the franchise agreement, the prohibited area means the “search area”, a radius of 15 miles from the search area, and the territory of any other Tumble Fresh Coin Laundry location. The search area is the area we grant you to search for a Tumble Fresh Coin Laundry location.</p>
s. Modification of the agreement	FA: § 18.4 MUDA: Section 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: Section 7	Only the terms of the agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: Section 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).

Provision	Section in Franchise or Other Agreement	Summary
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: Section 7	Arbitration will take place where our headquarters is located (currently, Woodbury, Minnesota) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: Section 7	Minnesota (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I – State Addenda to Disclosure Document

**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 possible performance at a particular location or under particular circumstances.

As of December 31, 2022 there were 12 affiliate owned locations in the Tumble Fresh system. The information below is split into two Sections; Section A and Section B. Section A provides same store sales information comparing 2022 and 2021 for 9 of the 12 affiliate owned Tumble Fresh Coin Laundry locations as these 9 were open for all of 2021 and 2022. We have excluded three locations that were not open for the entire comparable time period. None of these locations closed during the comparable time period.

Section B provides statements of average revenues, expenses and income for the 10 stand-alone affiliate-owned locations that were open for the entire 12 month period ended December 31, 2022. We refer to these locations below as the “Stand-Alone Locations”. We consider a Stand-Alone Location to be a location operated from a building occupied only by the Tumble Fresh Coin Laundry location. These locations opened between September 2013 and October 2021. Section B also provides this information for each of the remaining two affiliate-owned locations. We have provided this information separately as these locations are not stand-alone locations. Both are located in strip malls, one of which is our “small” format (approximately 2,900 square feet) and the other is approximately 4,000 square feet. We refer to these locations below as the “Strip-Mall Locations” as they are each located in a multi-tenant retail building. These locations opened in December 2021 and May 2011 respectively. We have adjusted the actual results for all of these Stand-Alone and Strip-Mall Locations as described in the notes to the statements, including to increase amounts to what we reasonably expect a franchisee would incur.

All of these locations offered the same products and services that we would require a franchised location to offer. Some offered additional services but we have excluded the amounts paid for those services from the Revenue reported below for those locations as a franchisee may not be able to provide those services based on applicable state law. Four of these locations also included a Pet Fresh Dog Wash. We have included Revenue and expenses attributable to the dog wash in the tables below, although a franchisee would not be required to operate a Pet Fresh Dog Wash from its location.

### **Section A – 2022 Same Store Sales Information**

<b>Store</b>	1	2	3	4	5	6	7	8	9
<b>Month/ Year Opened</b>	10-2020	10-2020	10-2020	11-2018	09-2018	12-2018	02-2017	09-2013	05-2011
<b>2022 Revenue</b>	\$696,877	\$437,189	\$699,000	\$508,116	\$455,938	\$345,618	\$411,615	\$331,773	\$447,094
<b>SSS %</b>	22.56	17.00	18.59	10.90	5.96	11.35	-2.19	2.30	-5.22
<b>Average SSS</b>	9.03%								
<b>#/% that Met or Exceeded Average SSS</b>	5/56%								
<b>Median SSS</b>	10.90%								

### **Section B – Revenue, Operating Expenses and Net Operating Income**

As our affiliate owns all of the locations whose revenue and expense information is included in the chart below, certain of the expenses have historically been aggregated and recorded by our affiliate at the affiliate level as opposed to being recorded at the location level based on actual usage or other factors. With respect to those expenses, we have taken the total

expense amount charged to our affiliate and allocated it equally among the locations. These expenses are denoted in the footnotes following the chart. As to expenses incurred by our affiliate but allocated or recorded at the location level we have determined the average amount for the Stand-Alone Locations by taking the sum of these amounts for all of the Stand-Alone Locations and dividing that amount by the total number of Stand-Alone Locations (10). The amounts reflected in the chart for each of the Strip-Mall Locations are those recorded by our affiliate at the location level, unless otherwise denoted in the chart below.

As to expenses incurred by our affiliate which we believe were less than those which would be incurred by a franchisee, we have increased those expenses to amounts we believe are reflective of what a franchisee would pay. These expenses are denoted in the footnotes below the chart. We have also determined that the amounts charged for rent may not be representative of market rental rates. We have updated those amounts in the chart below to what we believe is market rent. The methodology we used to determine those amounts is discussed in the footnotes below. We also determined that certain property maintenance performed at the Stand-Alone Locations was not accounted for, or allocated to these locations. We have attributed a cost to the Stand-Alone Locations for these services. The methodology used to determine this cost is discussed in the footnotes below.

2022	Stand-Alone			Strip-Mall - Large	Strip-Mall - Small
	Average	Median	#/= or > Average		
<b>Revenue<sup>1</sup></b>	\$483,423	453,152	4/40%	\$447,094	\$241,023
<b>Operating Expense:</b>					
<b>Payroll - PT Mgmt<sup>2</sup></b>	\$11,378	\$11,346	4/40%	\$15,968	\$10,318
<b>Payroll - Cleaners<sup>3</sup></b>	\$29,798	\$26,706	4/40%	\$33,735	\$11,803
<b>Payroll Tax<sup>4</sup></b>	\$3,459	\$3,215	4/40%	\$4,915	\$1,739
<b>Employee Benefits<sup>5</sup></b>	\$1,797	\$1,742	3/30%	\$762	\$1,823
<b>Franchise Fee:</b>					
<b>Royalty<sup>6</sup></b>	\$29,005	\$27,189	3/30%	\$26,826	\$14,461
<b>Marketing Fund Contribution<sup>7</sup></b>	\$9,668	\$9,063	4/40%	\$8,942	\$4,820
<b>Building Expense:</b>					
<b>Rent<sup>8</sup></b>	\$174,330	\$164,930	4/40%	\$88,276	\$87,745
<b>Maintenance - Equipment, Building, Property<sup>9</sup></b>	\$24,704	\$23,987	5/50%	\$24,239	\$15,193
<b>Maintenance<sup>10</sup> (Internal)</b>	\$10,180	\$10,588	6/60%	N/A	N/A
<b>Property Tax<sup>11</sup></b>	\$28,787	\$22,106	3/30%	\$20,569	\$7,442
<b>Other Expenses:</b>					
<b>Utilities<sup>12</sup></b>	\$63,992	\$55,536	4/40%	\$56,862	\$24,457
<b>Trash<sup>12</sup></b>	\$2,302	\$1,921	4/40%	N/A	N/A
<b>Insurance<sup>13</sup></b>	\$7,892	\$7,928	5/50%	\$6,368	\$6,368
<b>Internet / TV</b>	\$5,275	\$4,947	4/40%	\$4,692	\$4,743
<b>Vending COGS<sup>14</sup></b>	\$5,735	\$6,148	6/60%	\$4,227	\$4,476

2022	Stand-Alone			Strip-Mall - Large	Strip-Mall - Small
	Average	Median	#/= or > Average		
<u>Supplies</u> <sup>15</sup>	\$13,124	\$12,975	5/50%	\$14,571	\$10,660
<u>Credit Card Fees</u> <sup>16</sup>	\$15,840	\$15,665	5/50%	\$14,561	\$9,956
<u>Bank / Armored Car</u> <sup>17</sup>	\$1,728	\$1,852	7/70%	\$1,852	\$1,782
<u>Loss Prevention</u> <sup>18</sup>	\$1,054	\$963	4/40%	\$163	\$609
<u>Advertising</u> <sup>19</sup>	\$18,595	\$17,335	4/40%	\$17,955	\$17,160
<u>Recruiting</u> <sup>20</sup>	\$1,137	\$1,135	5/50%	\$1,133	\$1,077
<u>Miscellaneous</u> <sup>21</sup>	\$4,000	\$4,000	N/A	\$4,000	\$4,000
<b>Total Expenses</b>	\$463,780	443,847	5/50%	\$350,615	\$240,631
<b>Net operating income before debt repayment, depreciation, interest and income taxes</b> <sup>22</sup>	\$19,643	\$11,873	5/50%	\$96,478	\$392

1. Revenue is made up of amounts paid by customers of the locations for the use of washers and dryers, vending machines, vacuum services if offered by the location, amounts generated by the Pet Fresh Dog Wash located at 4 of the locations and amounts received by a location for its customers use of the ATM machines at a location. We have excluded revenue from these locations attributable to bit coin machine usage and revenue based on lottery ticket sales as a new franchisee may not have these revenue streams. We have included Revenue and expenses attributable to the dog wash in the tables above.

Below we have broken down certain of the Revenue components that make-up the total Revenue amounts in the chart above.

2022	Stand-Alone			Strip-Mall - Large	Strip-Mall - Small
	Average	Median	Avg = or >		
<b>Soap</b>	\$8,010	\$7,228	3/30%	\$7,075	\$4,242
<b>Vending/Snacks</b>	\$15,092	\$16,179	6/60%	\$11,123	\$11,778
<b>Vacuum</b>	\$1,573	\$1,269	3/30%	N/A	N/A
<b>ATM</b>	\$877	\$886	5/50%	\$839	\$388

The highest and lowest total Revenue for the Stand-Alone Locations was \$699,000 and \$331,773. The highest and lowest Revenue for the Stand-Alone Locations for Soap was \$12,067 and \$4,242; Vending/Snacks \$25,614 and \$5,616; Vacuum \$4,338 and \$652; and ATM \$1,422 and \$181.

2. All of the Stand-Alone Locations in the chart above share a manager and 3 part-time assistant managers. The amounts in the chart above for the Stand-Alone Locations reflect the total costs incurred by our affiliate for these personnel, including their salaries and benefits, divided by the 10 Stand-Alone Locations. The amounts reflected in the chart for each of the Strip-Mall Locations are the amounts allocated by our affiliate to each of

these locations for these personnel. As we would expect the franchisee to perform all managerial services itself on a full-time basis and we would expect your compensation to come from the location's Net Operating Income we would not expect a franchisee to incur this expense.

3. The number of part-time cleaners at a location will vary based on the volume of customer traffic at that location. This expense is for part-time cleaners who will perform cleaning services at the location. We would not expect a franchisee to employ more than 3 part-time cleaners at the outset of its operations.
4. The expense is for payroll taxes incurred by our affiliate for the management and cleaners at the location specific level.
5. Employee benefits offered by our affiliate to its employees providing services at or to these locations are health and dental coverage, life and disability insurance, paid time off, holiday pay, 401k, employee appreciation events and employee incentives, as such employees may be eligible under our affiliate's benefit policies. The Employee Benefits amount in the chart above for the Stand-Alone Locations is the total cost of these benefits incurred by our affiliate divided by the 10 Stand-Alone Locations. The amounts reflected in the chart for each of the Strip-Mall Locations are the actual costs allocated to each location for Employee Benefits. We do not control the benefits that our franchisees offer to their employees and you are free to offer whatever benefits you choose, subject to compliance with applicable law.
6. Although our affiliate locations do not pay a royalty, we have applied a 6% royalty as that is the royalty you must pay under the Franchise Agreement.
7. Although our affiliate locations do not make a Marketing Fund Contribution, we have applied a 2% contribution as that is the Marketing Fund Contribution you must make under the Franchise Agreement.
8. As the underlying real estate for these locations is owned by our affiliate the actual rent paid may not be representative of market rental rates. To determine what we believe is market rent for the Stand-Alone Locations we calculated our affiliates' total actual investment for each location, made up of costs to purchase the land and make improvements to it, construct the Tumble Fresh Coin Laundry location, and soft costs such as engineering and surveying costs, legal costs to acquire the land and construct the building (but excluding equipment costs such as acquisition costs for the washers and dryers), and costs to obtain financing, multiplied that amount by a rent factor of 8.5% and divided that amount by the 10 Stand-Alone Locations resulting in the average annual rent amount for a single location as disclosed in the chart. As these locations are stand-alone locations we did not include common area maintenance charges as we did not pay them and a franchisee owning a stand-alone location would not have this expense, although it would have maintenance expenses as discussed below.

To determine the market rent for the two Strip-Mall Locations we reviewed the rents and CAM charges of the other tenants of these locations and applied what we believe is a market rent based on the rent and CAM charges of these other tenants. Your real estate costs may be higher or lower than the amounts in the chart depending upon the state, city and market of your location, how you secure the location, and the improvements you make to the location.

9. This includes costs for equipment and building maintenance.
10. This cost is for seasonal maintenance and parking lot maintenance performed at the location level. To account for this cost at the location level we have taken the average of the actual incurred expense for these services at the Strip-Mall Locations and multiplied such amount by the square footage of each Stand-Alone Location. We then divided this amount by 10 (the number of Stand-Alone Locations in the data set). This cost was included in the Strip-Mall Locations CAM charges.
11. Property taxes vary based upon the city and state where your location is situated.
12. Amounts for utilities were for water, gas and electric at each location. The amounts for trash were for trash pick-up and disposal services. The Strip-Mall Locations did not incur a separate charge for trash removal services as it was included as a part of their CAM charges.
13. Our affiliate maintains all coverages required by the Franchise Agreement in amounts required by, or in excess of, those required by the Franchise Agreement plus some additional coverages. The cost incurred by our affiliate for these coverages has been allocated at the location level. Depending upon your claims history and various other factors, your insurance costs may be less.
14. Vending COGS is the amount paid by our affiliate for items to stock the vending machines at the locations. These items are soda, snacks, soap, and prizes for games of chance.
15. Supplies include floor cleaners, towels, mops, brooms, dust pans, office supplies and other supplies used at a location.
16. Credit Card Fees include transaction fees charged by the credit card processing company when a customer uses a credit card to pay and fees charged when a customer uses our app to pay and annual licensing fees.
17. Although our affiliate used an armored car delivery service to transport funds to the bank we do not require the use of this service and you could perform these services yourself and avoid this expense.
18. Loss Prevention is the cost incurred for alarm monitoring services, employee security accessories, camera systems, alarm systems and fire monitoring at each of the locations.



19. Although our affiliate spent these amounts on digital marketing, the Franchise Agreement only requires you to spend 1% of your Gross Sales on local marketing, which based on the Revenues amounts in the chart above would have been an average of \$4,834 for the Stand-Alone Locations and \$4,471 and \$2,410 respectively for the two Strip-Mall Locations.
20. Recruiting costs are the costs incurred by our affiliate to attract and retain employees for the locations, including the cost for placing job postings on various internet based job board sites. The amounts reflected in the chart for the Stand-Alone Locations are the average of the actual cost incurred by these locations. The amounts reflected in the chart for the Strip-Mall Locations are the actual costs allocated to each location. Our affiliate also incurred employee training costs for attendance at training seminars held at an industry convention of \$414 per location, which was determined by allocating the total cost equally among the Stand-Alone Locations and the Strip-Mall Locations. We have not included these costs in the chart above as a new franchisee would not incur them.
21. These are the costs for employee uniforms, accounting and legal expenses, subscriptions/trade organization fees and software licensing fees. It also includes credits card chargebacks, bad debt, and bank fees. The average amount spent on these items in 2022 by the Stand-Alone Locations was \$1,546. This amount was calculated by taking the total amount charged to our affiliate and allocating it equally among the locations. The actual amount spent by the two Strip-Mall Locations was \$1,256 and \$1,503 respectively. We have increased the amounts in the chart to \$4,000 as we believe this is approximately what a franchisee would spend. These fees do not include any accounting or legal expenses for starting the business, and they do not include any litigation expenses.
22. We did not include any expense for depreciation, amortization, interest, or the repayment of debt from these outlets. Depreciation and amortization expense will depend upon tax decisions made by the owner of the location. The amount of interest expense and the cost of repaying debt would depend upon how the outlet was capitalized. These amounts do not include state or federal income taxes, as those expenses would vary depending upon the other taxable income and expenses the business may have. The highest and lowest Net operating income before debt repayment, depreciation, interest, and income taxes for the Stand-Alone Locations was \$133,825 and (\$60,655).

**Notes Applicable to all the Information Above:**

All of these locations are located in the Minneapolis, St. Paul metropolitan area with the exception of two locations, one of which is located in Minnesota outside of the Minneapolis, St. Paul metropolitan area and one of which is located in Hudson, Wisconsin.

“Revenue” as used in this Item 19 has the same definition as Gross Sales in our Franchise Agreement. Gross Sales is the total dollar amount of all sales generated through the business including commissions generated by ATM and/or Bitcoin machines. Gross Sales excludes: (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary

course of business, and (iv) sales of prepaid cards or similar products (but the redemption of any such card or product would be included in Gross Sales).

The dollar amounts shown in this Item 19 have been rounded to the nearest dollar, the percentages in Section A have been rounded to the nearest percent or tenth of a percent as shown in Section A, and to the nearest percent in Section B.

Written substantiation for the data presented in this Item 19 will be made available to all prospective franchisees upon reasonable request.

**Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

We do not make any representation to prospective operators about an operator's past or future financial performance, the past or future financial performance of company-owned outlets, the future performance of our franchised shops, or any other information about the past performance of our franchised shops. We also do not authorize our employees or representatives to make any such representation 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 our management by contacting Stephen Linn, Kenneth Rohlf and William Wallace, 7616 Currell Boulevard, Suite 245, Woodbury, Minnesota 55125, (651) 731-0515, the Federal Trade Commission, and the appropriate state regulator.

**Item 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1  
Systemwide Outlet Summary  
For Years 2020 to 2022<sup>1</sup>**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned <sup>2</sup>	2020	6	9	3
	2021	9	12	3
	2022	12	12	0
Total Outlets	2020	6	9	3
	2021	9	12	3
	2022	12	12	0

1. All numbers are as of December 31 of the applicable year.
2. These outlets are owned by our affiliate

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2020 to 2022<sup>1</sup>**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

1. All numbers are as December 31 of the applicable year.

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022<sup>1</sup>**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

1. All numbers are as of December 31 of the applicable year.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2020 to 2022<sup>1</sup>**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Minnesota	2019	5	0	0	0	0	5
	2020	5	3	0	0	0	8
	2021	8	3	0	0	0	11
Wisconsin	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	6	0	0	0	0	6
	2020	6	3	0	0	0	9
	2021	9	3	0	0	0	12

1. All number are as of December 31 of the applicable year.

**Table 5**  
**Projected Openings As Of December 31, 2022**

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	2	0
North Dakota	0	1	0
Totals	0	3	0

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business

under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

We have not been in business for three years, and therefore cannot include three years of financial statements in this disclosure document. Exhibit F contains our audited financial statements as of December 31, 2022. Also attached in Exhibit F are our unaudited Balance Sheet and Income Statement as of, and for the period ended, March 31, 2023.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements
- K. Electronic Transfer of Funds Authorization
- L. Alerus Loan Documents

## **Item 23 RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

**EXHIBIT A**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
North Dakota	North Dakota Securities Department 600 East Boulevard Ave. State Capital Fourteenth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Ave. State Capital Fourteenth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
South Dakota	South Dakota Department of Labor and Regulation Division of Insurance - Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of South Dakota Division of Insurance – Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53701 (608) 266-2139	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53701

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. Search Area	_____
4. Business Location	_____
5. Territory	_____
7. Principal Executive	_____
8. Franchisee's Address	_____



## FRANCHISE AGREEMENT

This Agreement is made between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”), and Franchisee effective as of the date signed by Tumble Fresh Franchising (the “Effective Date”).

### Background Statement:

A. Tumble Fresh Franchising and its affiliate, have created and own a system (the “System”) for developing and operating a business providing luxurious, clean, and inviting self-service laundromats, under the trade name “Tumble Fresh Coin Laundry”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Tumble Fresh Coin Laundry business, (2) Site plans, design standards, plans, specifications, equipment, signage and trade dress for Tumble Fresh Coin Laundry businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Tumble Fresh Franchising from time to time.

C. The parties desire that Tumble Fresh Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Tumble Fresh Coin Laundry business on the terms and conditions of this Agreement.

### SECTION 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Tumble Fresh Franchising.

“**Business**” means the Tumble Fresh Coin Laundry business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business or other venture that offers self-service laundry services, including a business or other venture that provides the use of washers or dryers or other services traditionally provided by a laundromat.

“**Confidential Information**” means all non-public information of or about the System, Tumble Fresh Franchising, and any Tumble Fresh Coin Laundry business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales shall also include, but not be limited to, commissions generated by ATM and/or Bitcoin machines. Gross Sales does not include (i) bona fide refunds to

customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, technology system, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Tumble Fresh Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means Tumble Fresh Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by Tumble Fresh Franchising into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Tumble Fresh Franchising from time to time for use in a Tumble Fresh Coin Laundry business.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Remodel”** means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Tumble Fresh Coin Laundry business.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which Tumble Fresh Franchising requires franchisees to use.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Tumble Fresh Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software,

backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Franchisee shall not be granted a Territory.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## **SECTION 2. GRANT OF LICENSE**

**2.1 Grant.** Tumble Fresh Franchising grants to Franchisee the right to operate a Tumble Fresh Coin Laundry business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Tumble Fresh Coin Laundry business at the Location for the entire term of this Agreement.

**2.2 Territory.** Tumble Fresh Franchising shall not establish, nor license the establishment of, another business physically located within the Territory selling the same or similar goods or services under the Tumble Fresh Coin Laundry name. Tumble Fresh Franchising retains the right to:

- (i) establish and operate, and license others to establish and operate, Tumble Fresh Coin Laundry businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) establish and operate, and license others to establish and operate, businesses anywhere, whether inside or outside the Territory, that do not operate under the Tumble Fresh Coin Laundry name;
- (iii) establish and operate, and license others to establish and operate, businesses inside the Territory under any of the Marks so long as the businesses are not competitive with Franchisee’s Business;
- (iv) sell and license others to sell products and services in the Territory under any of the Marks through channels of distribution (including the internet) other than Tumble Fresh Coin Laundry outlets; and
- (v) acquire businesses in the Territory that are similar to the Business or sell Tumble Fresh Franchising whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to the Business

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest

in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Tumble Fresh Franchising within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Tumble Fresh Franchising’s reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to Tumble Fresh Franchising, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to Tumble Fresh Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### SECTION 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Tumble Fresh Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Tumble Fresh Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Tumble Fresh Franchising) renovations and changes to the Business as Tumble Fresh Franchising requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Tumble Fresh Franchising’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another

initial franchise fee and will not receive more renewal or successor terms than described in this Section;

- (v) Franchisee and each Owner executes a general release (on Tumble Fresh Franchising's then-standard form) of any and all claims against Tumble Fresh Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

## **SECTION 4. FEES**

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** Franchisee shall pay Tumble Fresh Franchising a monthly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given month is due on the first Tuesday of the following month.

**4.3 Marketing Fund Contribution.** Franchisee shall pay Tumble Fresh Franchising a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 2% of Franchisee's Gross Sales (or such lesser amount as Tumble Fresh Franchising determines), at the same time as the Royalty Fee.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to Tumble Fresh Franchising's training program after opening, Tumble Fresh Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$300 per day.

**4.5 Non-Compliance Fee.** Tumble Fresh Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Tumble Fresh Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Tumble Fresh Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Tumble Fresh Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Tumble Fresh Franchising's other rights and remedies (including default and termination under Section 14.2).

**4.6 Reimbursement.** Tumble Fresh Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Tumble Fresh Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Tumble Fresh Franchising within 15 days after invoice by Tumble Fresh Franchising accompanied by reasonable documentation.

### **4.7 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Tumble Fresh Franchising via electronic-funds transfer or in such other means as required by Tumble Fresh Franchising. Franchisee shall comply with all procedures specified by Tumble Fresh Franchising with respect to such transfers, and

deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Tumble Fresh Franchising by Tuesday of the following month. If Franchisee fails to report monthly Gross Sales, then Tumble Fresh Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Tumble Fresh Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Tumble Fresh Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 1.5% per month (or, if such rate exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Tumble Fresh Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Tumble Fresh Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Tumble Fresh Franchising may apply any payment received from Franchisee to any obligation and in any order as Tumble Fresh Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Tumble Fresh Franchising any fees or amounts described in this Agreement are not dependent on Tumble Fresh Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## SECTION 5. ASSISTANCE

**5.1 Manual.** Tumble Fresh Franchising shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** Tumble Fresh Franchising shall provide its suggested staffing levels to Franchisee. Tumble Fresh Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** Tumble Fresh Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

#### 5.4 Pre-Opening Assistance.

(a) Selecting Location. Tumble Fresh Franchising shall provide its criteria for Tumble Fresh Coin Laundry locations to Franchisee. Tumble Fresh Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Tumble Fresh Franchising shall provide Franchisee with (i) Tumble Fresh Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Tumble Fresh Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Tumble Fresh Franchising's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Tumble Fresh Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Tumble Fresh Franchising accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Tumble Fresh Franchising shall make available its standard pre-opening training to the Principal Executive and up to three additional employees of Franchisee, at Tumble Fresh Franchising's headquarters and/or at a Tumble Fresh Coin Laundry business designated by Tumble Fresh Franchising. Tumble Fresh Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Tumble Fresh Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program. Franchisee and its Principal Executive, if any, and its general manager, if any, must complete the initial training program to Tumble Fresh Franchising's satisfaction. The classroom portion of the initial training program must be completed at least four weeks before the location is scheduled to open for business. The on-the-job portion of the training program must be completed by the proposed opening date for the location. Tumble Fresh Franchising may terminate this Agreement immediately upon notice to Franchisee if Franchisee or its Principal Executive fail to complete such training within such time frame.

(e) On-Site Opening Assistance. Tumble Fresh Franchising shall have a representative support Franchisee's business opening with two to three days of onsite opening training and assistance.

#### 5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Tumble Fresh Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Tumble Fresh Franchising deems reasonable. If Tumble Fresh Franchising provides in-person support in response to Franchisee's request, Tumble Fresh Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Tumble Fresh Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Tumble Fresh Franchising will provide Franchisee with Tumble Fresh Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Tumble Fresh Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Tumble Fresh Franchising shall manage the Marketing Fund.

(e) Internet. Tumble Fresh Franchising shall maintain a website for Tumble Fresh Coin Laundry, which will include Franchisee's location (or territory) and telephone number.

## SECTION 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Search Area described on the Summary Page. Franchisee shall submit its proposed Location to Tumble Fresh Franchising for acceptance, with all related information Tumble Fresh Franchising may request. If Tumble Fresh Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Tumble Fresh Franchising accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. If no Territory is stated on the Summary Page, then Franchisee shall be deemed not to have a Territory.

(iii) **Tumble Fresh Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Tumble Fresh Franchising has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Tumble Fresh Franchising, Franchisee must submit the proposed lease to Tumble Fresh Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall obtain the landlord's signature to a rider to the lease in the form required by Tumble Fresh Franchising.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with Tumble Fresh Franchising's System Standards. If required by Tumble Fresh Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Tumble Fresh Franchising's approval of Franchisee's plans. Tumble Fresh Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Tumble Fresh Franchising or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Tumble Fresh Franchising assumes no liability with respect



thereto. Tumble Fresh Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

**6.4 Conditions to Opening.** Franchisee shall notify Tumble Fresh Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Tumble Fresh Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee and its Principal Executive, if any, and any general manager, have completed all of Tumble Fresh Franchising's required pre-opening training; and (7) Tumble Fresh Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.5 Opening Date.** Franchisee shall open the Business to the public within two hundred seventy (270) days after Franchisee executes a lease or sublease for the Location or otherwise acquires control of the Location. However, if the Business is the second or additional business to be opened under a Multi-Unit Development Agreement between Franchisee and Tumble Fresh Franchising, Franchisee shall open the Business to the public within one (1) year of the last opening of a business under the Multi-Unit Development Agreement.

## SECTION 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Tumble Fresh Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Tumble Fresh Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Tumble Fresh Franchising may require.

**7.4 Prices.** Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

## **7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or under the on-site supervision of a general manager who has completed Tumble Fresh Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Tumble Fresh Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Tumble Fresh Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Tumble Fresh Franchising. Within seven days of Tumble Fresh Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Tumble Fresh Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.6 Post-Opening Training.** Tumble Fresh Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Tumble Fresh Franchising. Tumble Fresh Franchising may charge a reasonable fee for any training programs. Tumble Fresh Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Tumble Fresh Franchising. Franchisee shall enter into any subscription and support agreements that Tumble Fresh Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as Tumble Fresh Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Tumble Fresh Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Tumble Fresh Franchising.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. Tumble Fresh Franchising may take any action it deems appropriate to

resolve a customer complaint regarding the Business, and Tumble Fresh Franchising may require Franchisee to reimburse Tumble Fresh Franchising for any expenses.

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Tumble Fresh Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Tumble Fresh Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Tumble Fresh Franchising for such programs. Tumble Fresh Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by Tumble Fresh Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, "app" and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Tumble Fresh Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Tumble Fresh Franchising, in the manner specified by Tumble Fresh Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Tumble Fresh Coin Laundry business. Franchisee shall comply with all procedures and specifications of Tumble Fresh Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Tumble Fresh Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Tumble Fresh Franchising may require Franchisee to undertake and complete a Remodel of the Location to Tumble Fresh Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by Tumble Fresh Franchising. Tumble Fresh Franchising may require the Franchisee to submit plans for Tumble Fresh Franchising's reasonable approval prior to commencing a required Remodel. Tumble Fresh Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a

Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Tumble Fresh Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Tumble Fresh Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverages:

**GENERAL LIABILITY INSURANCE**

1. General Liability coverage, including Personal and Advertising Injury, of \$1,000,000 per occurrence per location
2. \$2,000,000 General Aggregate, including Products/Completed Operations per location
3. Damage to Premises Rented to You and/or Fire Damage Legal Liability and Medical Payments must be included
4. Additional Insured, Grantor of Franchise, endorsement in the name of franchisor
5. A Waiver of Subrogation in favor of franchisor

**AUTO LIABILITY INSURANCE**

1. Hired and Non Owned Auto Liability coverage of \$1,000,000 CSL
2. Owned Auto Coverage included (as applicable) with a limit no less than \$1,000,000 CSL
3. UM/UIM coverage along with medical payments and/or PIP as applicable is required
4. Additional Insured endorsement in the name of franchisor
5. A Waiver of Subrogation in favor of franchisor

**UMBRELLA LIABILITY INSURANCE**

1. Minimum Umbrella Liability limit of \$1,000,000 per occurrence / \$1,000,000 aggregate for 1-4 locations
  - a. 5-9 owned locations requires \$2,000,000 per occurrence / \$2,000,000 aggregate umbrella liability
  - b. 10+ owned locations requires \$3,000,000 per occurrence / \$3,000,000 aggregate umbrella liability
2. Additional Insured, Grantor of Franchise in the name of franchisor
3. Waiver of Subrogation in favor of franchisor and its affiliate

4. Umbrella Liability must go over the General Liability and Auto Liability. Strongly suggested to go over Employers Liability.

#### **PROPERTY INSURANCE**

1. Business Income and Extra Expense coverage of at least twelve (12) months' income replacement
2. Business Personal Property, and Tenant Improvements and Betterments at full replacement cost
3. Special Causes of Loss form required
4. Business interruption insurance covering at least 12 months of income

#### **WORKERS COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE**

1. Workers Compensation per state statutes
2. Employers Liability of at least \$500,000 each accident, \$500,000 each employee, \$500,000 policy limit
3. A Waiver of Subrogation in favor of franchisor

#### **FRANCHISOR NAME AND ADDRESS**

Tumble Fresh Franchising, LLC  
7616 Currell Boulevard  
Suite 245  
Woodbury, MN 55125-2295

(b) **All franchisee insurance policies must name "Tumble Fresh Franchising, LLC" as *additional insured*.**

(c) Franchisee's policies (other than Workers Compensation) must (1) be primary and non-contributing with any insurance carried by Tumble Fresh Franchising or its affiliates, and (2) stipulate that Tumble Fresh Franchising shall receive 30 days' prior written notice of cancellation.

(d) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Tumble Fresh Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Tumble Fresh Franchising.

**7.16 Payments to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent and other payments when due.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Tumble Fresh Coin Laundry, the Business, or any particular incident or occurrence related to the Business, without Tumble Fresh Franchising's prior written approval, which will not be unreasonably withheld.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Tumble Fresh Franchising's prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity Associated with the Business.** Except for a Pet Fresh Dog Wash franchise business with Pet Fresh Franchising, LLC, Franchisee shall not engage in any business or other activity at the Location other than operation of the Tumble Fresh Coin Laundry Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Tumble Fresh Coin Laundry businesses except for a Pet Fresh Dog Wash franchise business with Pet Fresh Franchising, LLC.

**7.20 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Tumble Fresh Franchising, which will not be unreasonably withheld.

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Tumble Fresh Franchising. Franchisee must display at the Business signage prescribed by Tumble Fresh Franchising identifying the Location as an independently owned franchise.

**7.22 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Tumble Fresh Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## **SECTION 8. SUPPLIERS AND VENDORS**

**8.1 Generally.** Franchisee shall acquire all Inputs required by Tumble Fresh Franchising from time to time in accordance with System Standards. Tumble Fresh Franchising may require Franchisee to purchase or lease any Inputs from Tumble Fresh Franchising, Tumble Fresh Franchising's designee, Required Vendors, Approved Vendors, and/or under Tumble Fresh Franchising's specifications. Tumble Fresh Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Tumble Fresh Franchising shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If Tumble Fresh Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Tumble Fresh Franchising. Tumble Fresh Franchising may condition its approval on such criteria as Tumble Fresh Franchising deems appropriate, which may include evaluations of the vendor's capacity,

quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Tumble Fresh Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 8 weeks after receipt of Franchisee's request. Further, Tumble Fresh Franchising may have single or sole Approved Vendors or Required Vendors, which may be Tumble Fresh Franchising, an affiliate or a third party. In this case, Tumble Fresh Franchising shall have no obligation to approve other vendors.

**8.3 Alternate Input Approval.** If Tumble Fresh Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Tumble Fresh Franchising. Tumble Fresh Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 8 weeks after receipt of Franchisee's request.

**8.4 Purchasing.** Tumble Fresh Franchising may negotiate prices and terms with vendors on behalf of the System. Tumble Fresh Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Tumble Fresh Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Tumble Fresh Franchising may implement a centralized purchasing system. Tumble Fresh Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Tumble Fresh Franchising may determine.

**8.5 No Liability of Franchisor.** Tumble Fresh Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If Tumble Fresh Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Tumble Fresh Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

## SECTION 9. MARKETING

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Tumble Fresh Franchising. Franchisee shall submit to Tumble Fresh Franchising for its review all such materials at least 14 days prior to use. If Tumble Fresh Franchising does not respond within such 14 day period, the materials shall be deemed rejected. Tumble Fresh Franchising may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may, but is not obligated to, permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social

media policy that Tumble Fresh Franchising may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Tumble Fresh Franchising.

**9.2 Use by Tumble Fresh Franchising.** Tumble Fresh Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Tumble Fresh Franchising for such purpose.

**9.3 Marketing Fund.** Disbursements from the Marketing Fund shall be made for the payment of expenses incurred by Tumble Fresh Franchising in connection with the general promotion of the Marks, including: (1) development and production of advertising, marketing, and promotional materials; (2) the cost of formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising and Internet search engine campaigns, direct email marketing, and the cost to maintain and update Tumble Fresh Franchising's websites, web pages, social media and social networking sites, profiles and accounts, and search engine optimization, and the costs to create and maintain any applications, whether web-based or otherwise; (3) the cost of formulating, developing, and implementing promotional and public relations programs, including advertising in trade publications; (4) market research; and (5) the reasonable cost of administering the Marketing Fund, including professional fees, the cost of salaries and fringe benefits paid to Tumble Fresh Franchising's employees engaged in administration of the Marketing Fund and creative services, and overhead allocated to advertising activities. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Tumble Fresh Franchising. Tumble Fresh Franchising reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, it or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency.

(a) Separate Account. Tumble Fresh Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Tumble Fresh Franchising's other accounts.

(b) Use. Tumble Fresh Franchising shall use the Marketing Fund for the purposes described above. The foregoing includes such activities and expenses as Tumble Fresh Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Tumble Fresh Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Tumble Fresh Franchising's sole discretion, and Tumble Fresh Franchising has no fiduciary duty with regard to the Marketing Fund.



(d) Contribution by Other Outlets. Tumble Fresh Franchising is not obligated to (i) have all other Tumble Fresh Coin Laundry businesses (whether owned by other franchisees or by Tumble Fresh Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other Tumble Fresh Coin Laundry businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Tumble Fresh Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Tumble Fresh Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Tumble Fresh Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Tumble Fresh Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

#### **9.4 Intentionally Deleted.**

**9.5 Required Spending.** Franchisee shall spend at least 1% of Gross Sales each month on marketing the Business. This obligation is separate from Franchisee's obligation to make Marketing Fund contributions. Upon request of Tumble Fresh Franchising, Franchisee shall furnish proof of its compliance with this Section. Tumble Fresh Franchising has the sole discretion to determine what activities constitute "marketing" under this Section and must approve all such marketing. If Franchisee fails to spend the required amount in any given month Franchisee shall pay Tumble Fresh Franchising the unspent amount and Tumble Fresh Franchising shall spend it in Franchisee's market area at such time as Tumble Fresh Franchising reasonable determines.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Tumble Fresh Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

### **SECTION 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Tumble Fresh Franchising may specify in the Manual or otherwise in writing.

#### **10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Tumble Fresh Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Tumble Fresh Franchising's fiscal year; and

(iii) any information Tumble Fresh Franchising requests in order to prepare a financial performance representation for Tumble Fresh Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Tumble Fresh Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Tumble Fresh Franchising may request.

(c) Government Inspections. Franchisee shall give Tumble Fresh Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Tumble Fresh Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Tumble Fresh Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to Tumble Fresh Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Tumble Fresh Franchising's Franchise Disclosure Document and with such other information as Tumble Fresh Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Tumble Fresh Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** Tumble Fresh Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Tumble Fresh Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Tumble Fresh Franchising. Franchisee shall also reimburse Tumble Fresh Franchising for all costs and expenses of the examination or audit if (i) Tumble Fresh Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

## SECTION 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by Tumble Fresh Franchising. Tumble Fresh Franchising may supplement, revise, or modify the Manual, and Tumble Fresh Franchising may change, add or delete System Standards at any time in its discretion. Tumble Fresh Franchising may inform Franchisee thereof

by any method that Tumble Fresh Franchising deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, Tumble Fresh Franchising’s master copy will control.

**11.2 Inspections.** Tumble Fresh Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Tumble Fresh Franchising’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Tumble Fresh Franchising may videotape and/or take photographs of the inspection and the Business. Tumble Fresh Franchising may set a minimum score requirement for inspections, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Tumble Fresh Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Tumble Fresh Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Tumble Fresh Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 Tumble Fresh Franchising’s Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, Tumble Fresh Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Tumble Fresh Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, Tumble Fresh Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Tumble Fresh Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Tumble Fresh Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Tumble Fresh Franchising are in addition to any other right or remedy available to Tumble Fresh Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Tumble Fresh Franchising. Tumble Fresh Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to Tumble Fresh Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. Tumble Fresh Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

Franchisee shall execute any documents reasonably requested by Tumble Fresh Franchising to document Tumble Fresh Franchising's ownership of Innovations.

**11.7 Communication Systems.** If Tumble Fresh Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Tumble Fresh Franchising to access such communications.

**11.8 Delegation.** Tumble Fresh Franchising may delegate any duty or obligation of Tumble Fresh Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** Tumble Fresh Franchising may vary or waive any System Standard for any one or more Tumble Fresh Coin Laundry franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If Tumble Fresh Franchising discovers or becomes aware of any aspect of the Business which, in Tumble Fresh Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Tumble Fresh Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Tumble Fresh Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## SECTION 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Tumble Fresh Franchising, and only in the manner as Tumble Fresh Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Tumble Fresh Franchising.

**12.2 Change of Marks.** Tumble Fresh Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Tumble Fresh Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Tumble Fresh Franchising shall defend Franchisee (at Tumble Fresh Franchising's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Tumble Fresh Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Tumble Fresh Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Tumble Fresh Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Tumble Fresh Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the words “Tumble Fresh Coin Laundry” or any confusingly similar words in its legal name.

## SECTION 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Tumble Fresh Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Tumble Fresh Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Tumble Fresh Franchising (except for Confidential Information which Tumble Fresh Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor or any business or other venture that is offering or selling franchises or licenses for the operation of a Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by: (a) any Competitor located or doing business in the Territory, including at the Location, within a 15 mile radius of Franchisee’s Territory or the territory of any other Tumble Fresh Coin Laundry business operating on the date of expiration, termination or Transfer, as applicable (the “Restricted Area”); or (b) any business or other venture located in the Restricted Area that is offering or selling franchises or licenses for a Competitor, or that is located outside the Restricted Area but is offering or selling franchises or licenses for a Competitor located or to be located in the Restricted Area. If this Agreement is terminated before the Territory is determined, then the Restricted Area will be the Search Area, a radius of 15 miles from the Search Area, and the territory of any other Tumble Fresh Coin Laundry business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Tumble Fresh Franchising. Franchisee agrees that the existence of any claim it may have against Tumble Fresh Franchising shall not constitute a defense to the enforcement by Tumble Fresh Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by Tumble Fresh Franchising, Franchisee will cause its general manager and other key employees to sign Tumble Fresh Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## SECTION 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if Tumble Fresh Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Tumble Fresh Franchising receives written notice of termination if Franchisor fails to respond to notice of termination and take corrective action.

### 14.2 Termination by Tumble Fresh Franchising.

(a) Subject to 10-Day Cure Period. Tumble Fresh Franchising may terminate this Agreement if Franchisee does not make any payment to Tumble Fresh Franchising when due, or if Franchisee does not have sufficient funds in its account when Tumble Fresh Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Tumble Fresh Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Tumble Fresh Franchising's satisfaction within 30 days after Tumble Fresh Franchising gives notice to Franchisee of such breach then Tumble Fresh Franchising may terminate this Agreement.

(c) Without Cure Period. Tumble Fresh Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Tumble Fresh Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for

the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

- (iv) Unless an extension is granted by Tumble Fresh Franchising, Franchisee fails to open for business within the time specified in Section 6.5 or no Location has been approved by Tumble Fresh Franchising within 90 days of the date of this Agreement;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with law) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Section 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels Tumble Fresh Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Tumble Fresh Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in Tumble Fresh Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Tumble Fresh Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) Tumble Fresh Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Tumble Fresh Franchising the right to terminate this Agreement);
- (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in

Tumble Fresh Franchising's opinion is reasonably likely to materially and unfavorably affect the Tumble Fresh Coin Laundry brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Tumble Fresh Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Tumble Fresh Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Tumble Fresh Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Tumble Fresh Franchising or any new franchisee as may be directed by Tumble Fresh Franchising, and Franchisee hereby irrevocably appoints Tumble Fresh Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Tumble Fresh Coin Laundry business, to the reasonable satisfaction of Tumble Fresh Franchising. Franchisee shall comply with any reasonable instructions and procedures of Tumble Fresh Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Tumble Fresh Franchising may enter the Location to remove the Marks and de-identify the Location and shall charge any and all costs to de-identify the Location back to the Franchisee, which amount shall be paid immediately by Franchisee to Tumble Fresh Franchising. In this event, Tumble Fresh Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Tumble Fresh Franchising.

**14.5 Purchase Option.** When this Agreement expires or is terminated, Tumble Fresh Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Tumble Fresh Franchising or require Franchisee to promptly enter into a lease with Tumble Fresh Franchising or its designee on commercially reasonable terms, including a 10 year lease term, at then-current



market rates, if the real estate is owned by Franchisee or an affiliate. To exercise this option, Tumble Fresh Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Tumble Fresh Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Tumble Fresh Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. Tumble Fresh Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Tumble Fresh Franchising. If Tumble Fresh Franchising exercises the purchase option, Tumble Fresh Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Tumble Fresh Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Tumble Fresh Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Tumble Fresh Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Tumble Fresh Franchising may assign this purchase option to another party.

## SECTION 15. TRANSFERS

**15.1 By Tumble Fresh Franchising.** Tumble Fresh Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Tumble Fresh Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Tumble Fresh Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Tumble Fresh Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Tumble Fresh Franchising's consent. In granting any such consent, Tumble Fresh Franchising may impose conditions, including, without limitation, the following:

- (i) Tumble Fresh Franchising receives a transfer fee equal to \$10,000 plus any broker fees and other out-of-pocket costs incurred by Tumble Fresh Franchising;
- (ii) the proposed assignee and its owners have completed Tumble Fresh Franchising's franchise application processes, meet Tumble Fresh Franchising's then-applicable standards for new franchisees, and have been approved by Tumble Fresh Franchising as franchisees;
- (iii) the proposed assignee is not a Competitor;

- (iv) the proposed assignee executes Tumble Fresh Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Tumble Fresh Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Tumble Fresh Franchising or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as Tumble Fresh Franchising may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Tumble Fresh Franchising in a form satisfactory to Tumble Fresh Franchising; and
- (ix) the Business fully complies with all of Tumble Fresh Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Tumble Fresh Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Tumble Fresh Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Tumble Fresh Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 Tumble Fresh Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Tumble Fresh Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Tumble Fresh Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Tumble Fresh Franchising's receipt of such copy, Tumble Fresh Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Tumble Fresh Franchising may substitute cash for

any other form of payment). If Tumble Fresh Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Section.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## SECTION 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to Tumble Fresh Franchising) Tumble Fresh Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Tumble Fresh Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## SECTION 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Tumble Fresh Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also

may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) **Intellectual Property Claims.** Either party may bring a claim involving an alleged infringement of any of Tumble Fresh Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) **Confidentiality.** All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Tumble Fresh Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) **Performance During Arbitration or Litigation.** Unless this Agreement has been terminated, Tumble Fresh Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Section 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Tumble Fresh Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Tumble Fresh Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## SECTION 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Tumble Fresh Franchising is not a fiduciary

of Franchisee. Tumble Fresh Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Tumble Fresh Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Tumble Fresh Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Tumble Fresh Franchising, and Tumble Fresh Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Tumble Fresh Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Tumble Fresh Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Minnesota (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Tumble Fresh Franchising, addressed to 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by

registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Tumble Fresh Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Tumble Fresh Franchising may by giving written notice to Franchisee (the “Holdover Notice”) either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Tumble Fresh Franchising specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(v).

**18.11 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Tumble Fresh Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Tumble Fresh Franchising.

## SECTION 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in Tumble Fresh Franchising’s Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.
- (3) That no person acting on Tumble Fresh Franchising’s behalf made any statement or promise regarding the costs involved in operating a Tumble Fresh Coin Laundry franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on Tumble Fresh Franchising’s behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on Tumble Fresh Franchising’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Tumble Fresh Coin Laundry franchise will generate, that is

not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

- (6) That no person acting on Tumble Fresh Franchising's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between Tumble Fresh Franchising and Franchisee concerning the Tumble Fresh Coin Laundry franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

TUMBLE FRESH FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

**1. Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

**3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Tumble Fresh Franchising, LLC for your Tumble Fresh Coin Laundry franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

TUMBLE FRESH FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Attachment 3 to Franchise Agreement

#### **GUARANTY AND NON-COMPETE AGREEMENT**

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with Tumble Fresh Franchising for the franchise of a Tumble Fresh Coin Laundry business (the “Franchise Agreement”). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Tumble Fresh Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to Tumble Fresh Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Tumble Fresh Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Tumble Fresh Franchising upon demand from Tumble Fresh Franchising. Guarantor waives (a) acceptance and notice of acceptance by Tumble Fresh Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Tumble Fresh Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Tumble Fresh Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Tumble Fresh Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is

owned by Tumble Fresh Franchising or its affiliates (except for Confidential Information which Tumble Fresh Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Tumble Fresh Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, neither Guarantor shall nor any spouse of Guarantor (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor or any business or other venture offering or selling franchises or licenses for the operation of a Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), Guarantor no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by: (a) any Competitor located or doing business within a fifteen mile radius of Franchisee’s Territory or the territory of any other Tumble Fresh Coin Laundry business operating on the date of expiration, termination or Transfer, as applicable (the “Restricted Area”); or (b) any business or other venture located in the Restricted Area that is offering or selling franchises or license for a Competitor, or that is located outside the Restricted Area but is offering or selling franchises or licenses for a Competitor located in or to be located in the Restricted Area If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other Tumble Fresh Coin Laundry business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Tumble Fresh Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Tumble Fresh Franchising shall not constitute a defense to the enforcement by Tumble Fresh Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance. Any terms set forth herein that are not defined herein shall have the same meaning as set forth in the Franchise Agreement.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Tumble Fresh Franchising may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Minnesota (without giving effect to its principles of

conflicts of law). The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Section 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Tumble Fresh Franchising all costs incurred by Tumble Fresh Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT C

### MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, Tumble Fresh Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Tumble Fresh Coin Laundry business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Tumble Fresh Franchising and Franchisee desire that Franchisee develop multiple Tumble Fresh Coin Laundry businesses.

#### 1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Tumble Fresh Coin Laundry locations on the following schedule:

Location #	Deadline for Opening	Total # of Locations to be Open and Operating on Deadline	Initial Franchise Fee
1		1	
2		2	
3		3	
4		4	
5		5	
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Tumble Fresh Franchising. The Initial Franchise Fee is non-refundable.

**2. Form of Agreement.** For Location #1, Franchisee and Tumble Fresh Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Tumble Fresh Coin Laundry franchise, Franchisee shall execute Tumble Fresh Franchising’s then-current standard form of franchise agreement at the time Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Tumble Fresh Coin Laundry business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Tumble Fresh Coin Laundry business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Tumble Fresh Coin Laundry business.

**3. Development Area.** Franchisee shall locate each Tumble Fresh Coin Laundry business it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Tumble Fresh Coin Laundry businesses in the Development Area.

**4. Default and Termination.** Tumble Fresh Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Tumble Fresh Franchising has the right to terminate any franchise agreement between Tumble Fresh Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not Tumble Fresh Franchising actually terminates such franchise agreement).

**5. Limitation of Liability.** Franchisee’s commitment to develop Tumble Fresh Coin Laundry businesses is in the nature of an option only. If Tumble Fresh Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to Tumble Fresh Franchising for lost future revenues or profits from the unopened Tumble Fresh Coin Laundry businesses. Franchisee may terminate this MUDA at any time.

**6. Conditions.** Franchisee’s right to develop each Tumble Fresh Coin Laundry franchise after the Location #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Tumble Fresh Coin Laundry business, in the reasonable judgment of Tumble Fresh Franchising, and
- (ii) Franchisee must be in full compliance with all requirements of Tumble Fresh Franchising at the time it opens each Tumble Fresh Coin Laundry location, and not in default under any Franchise Agreement or any other agreement with Tumble Fresh Franchising.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of Minnesota (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Tumble Fresh Franchising, and any Transfer without Tumble Fresh Franchising’s prior written consent shall be void. The provisions of Section 17 (Dispute Resolution) and Section 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

*[Signatures on Next Page]*

Agreed to by:

FRANCHISOR:

TUMBLE FRESH FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_  
Name: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

Franchisor: Tumble Fresh Franchising, LLC  
Notice Address: 7616 Currell Boulevard,  
Suite 245, Woodbury, MN 55125-2295  
Telephone: 651-731-0515

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Tumble Fresh Coin Laundry business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Tumble Fresh Coin Laundry brand. Any provision of the Lease which limits Tenant’s right to own or operate other Tumble Fresh Coin Laundry outlets in proximity to the Leased Premises shall not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

TUMBLE FRESH FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Tumble Fresh Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Tumble Fresh Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**  
**FINANCIAL STATEMENTS**

**This applies to only the Unaudited Financial Statements:**

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT, PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

# Tumble Fresh Franchising, LLC

Friday, March 31, 2023

## Balance Sheet

### Assets

Current Assets:		
Checking Alerus	\$16,737.84	
Accounts Recievable	0.00	
Prepaid Insurance	9,132.44	
Other Assets:		
NR - Stephen Linn	0.00	
NR - Jeffrey Linn	0.00	
NR - Amy Dumonceaux	0.00	
<b>Total Assets</b>		<b><u><u>\$25,870.28</u></u></b>

### Liabilities And Stockholders Equity

Current Liability		
Accounts Payable	1,224.00	
Long Term Liability		
Notes Payable - Linn Retail Centers Inc.	0.00	
Stockholders' Equity		
Owners' Equity	124,998.75	
Retained Earnings	(96,824.65)	
Distributions	0.00	
Current Earnings(Loss)	(3,527.82)	
<b>Total Liabilities and Stockholders' Equity</b>		<b><u><u>\$25,870.28</u></u></b>

### Statement of Retained Earnings

Balance at Begining of Year	(96,824.65)
Net Income (Loss)	<u>(3,527.82)</u>
Balance at End of Year	<u><u>(\$100,352.47)</u></u>

**TUMBLE FRESH FRANCHISING, LLC**  
**Income Statement**  
**For the Three Months Ending Friday, March 31, 2023**

	<b>Fiscal Year 2023</b>	
	<b>Year To Date</b>	<b>%</b>
<b>Income</b>		
Franchise Fees	\$0.00	0.0
<b>Expenses</b>		
Accounting	0.00	0.0
Legal	2,581.00	0.0
Advertising	869.16	0.0
Promotion	0.00	0.0
Business Meals	77.66	0.0
Business Entertainment	0.00	0.0
Professional Fees	0.00	0.0
Bank Charges	0.00	0.0
Bad Debt	0.00	0.0
Administrative Fees	0.00	0.0
Miscellaneous	77.66	0.0
Total Expenses	3,605.48	0.0
<b>Net Income (Loss) before Taxes</b>	<b>(3,605.48)</b>	<b>0.0</b>
<b>Net Income (Loss)</b>	<b>(3,605.48)</b>	<b>0.0</b>



# AUDITED FINANCIAL STATEMENTS

**TUMBLE FRESH FRANCHISING, LLC**

FINANCIAL STATEMENTS

December 31, 2022

**TUMBLE FRESH FRANCHISING, LLC**  
**TABLE OF CONTENTS**

---

	<u>Page Number</u>
Independent Auditor's Report	1
<b>FINANCIAL STATEMENTS</b>	
Balance Sheet	Statement 1 4
Statement of Income	Statement 2 5
Statement of Member's Equity	Statement 3 6
Statement of Cash Flows	Statement 4 7
Notes to Financial Statements	8



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders  
Tumble Fresh Franchising, LLC  
Woodbury, MN

### **Opinion**

We have audited the accompanying financial statements of Tumble Fresh Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, member's equity, and cash flows for the period from inception (April 7, 2022) to December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tumble Fresh Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tumble Fresh Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tumble Fresh Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tumble Fresh Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tumble Fresh Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

March 30, 2023

## **FINANCIAL STATEMENTS**

**TUMBLE FRESH FRANCHISING, LLC**  
BALANCE SHEET  
December 31, 2022

**Statement 1**

---

Assets	
Current assets:	
Cash	\$20,267
Prepaid insurance	<u>9,132</u>
Total assets	<u><u>\$29,399</u></u>
Liabilities and Member's Equity (Deficit)	
Current liabilities:	
Accounts payable	\$1,224
Member's equity	<u>28,175</u>
Total liabilities and member's deficit	<u><u>\$29,399</u></u>

The accompanying notes are an integral part of these financial statements.

**TUMBLE FRESH FRANCHISING, LLC**

**STATEMENT OF INCOME**

For the Period from Inception (April 7, 2022) to December 31, 2022

**Statement 2**

---

Revenues	\$ -
Operating expenses	<u>96,824</u>
Net loss	<u><u>(\$96,824)</u></u>

The accompanying notes are an integral part of these financial statements.



**TUMBLE FRESH FRANCHISING, LLC**  
**STATEMENT OF MEMBER'S EQUITY**  
For the Period from Inception (April 7, 2022) to December 31, 2022

**Statement 3**

---

	<u>Member's Equity</u>
Balance - January 1, 2022	\$ -
Contributions	124,999
Net loss	<u>(96,824)</u>
Balance - December 31, 2022	<u><u>\$28,175</u></u>

The accompanying notes are an integral part of these financial statements.

**TUMBLE FRESH FRANCHISING, LLC****STATEMENT OF CASH FLOWS****Statement 4**

For the Period from Inception (April 7, 2022) to December 31, 2022

---

Cash flows from operating activities:	
Net loss	(96,824)
Changes in operating assets and liabilities:	
Prepaid insurance	(9,132)
Accounts payable	1,224
Net cash flows used in operating activities	<u>(104,732)</u>
Cash flows from financing activities:	
Contributions	<u>124,999</u>
Net increase in cash	20,267
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$20,267</u></u>

The accompanying notes are an integral part of these financial statements.

**Note 1 ORGANIZATION AND NATURE OF ACTIVITIES**

Tumble Fresh Franchising, LLC (the "Company") was incorporated under the laws of the State of Minnesota for the purpose of offering franchise opportunities to entrepreneurs who want to own their own "Pet Fresh" location, as a franchise, providing luxurious, clean, and inviting self-service laundromats.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

**USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

**CASH**

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

**ADVERTISING EXPENSE**

Advertising costs are expensed as incurred. Advertising costs totaled \$16,727 for the period from inception (April 7, 2022) to December 31, 2022.

**REVENUE RECOGNITION**

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors-'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

#### INCOME TAXES

The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporate income taxes, the members of a partnership are taxed on their proportionate share of the Company's taxable income. The Company has evaluated its tax positions and related income tax under FASB's authoritative guidance regarding Accounting for Income Taxes and management has concluded that it has taken no uncertain tax positions that would require adjustment to these financial statements.

Therefore, these financial statements do not include any provision for corporate income taxes, except for state minimum fees.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of income.

#### COMMITMENTS AND CONTINGENCIES

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations.

#### SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2023, the date on which the financial statements were available to be issued.

#### **Note 3**    **CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company places its cash with a high-quality financial institution and do not exceed the amount of insurance provided on such deposits.

#### **Note 4**    **RELATED PARTY TRANSACTIONS**

Certain administrative expenses of the Company are paid by Linn Retail Centers, Inc., a related party through common ownership. Expenses paid by on behalf of the Company are expensed in the period incurred and included as amounts due to related party on the balance sheet. The Company did not have an outstanding balance with Linn Retail Centers, Inc. as of December 31, 2022.

## EXHIBIT G

### BRAND STANDARDS MANUAL TABLE OF CONTENTS



<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction	31
Establishing The Business	56
Personnel	39
Administrative Procedures	33
Daily Procedures	22
Selling & Marketing	22
Store Operations Manual	63
Vending Operations Manual	32
<b>Total Number of Pages</b>	<b>298</b>

## **EXHIBIT H**

### **CURRENT AND FORMER FRANCHISEES**

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Note: We did not have any multi-unit developers at the close of our last fiscal year.

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

**EXHIBIT I**  
**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to 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 OFFERING CIRCULAR.

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](http://www.dbo.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT risk IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker 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 such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.



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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 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 requires binding arbitration. The arbitration will occur in Woodbury, Minnesota, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

**HAWAII ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Hawaii only, this Disclosure Document is amended as follows:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Tumble Fresh Franchising, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Tumble Fresh franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

- All Franchise Fees are deferred 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.
- Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- To the extent required by the Minnesota Franchise Act, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 SOURCES OF 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 THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard 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, which are 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 10 year period 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 a 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 end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for 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; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

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 Agreement.

8. 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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Tumble Fresh Franchising, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Tumble Fresh franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

11. Fee Deferral: All Franchise Fees are deferred 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.

12. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a 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.

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under 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 grounds for default or termination stated in the Franchise Agreement do 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.

Under 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 the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT J**

**STATE ADDENDA TO AGREEMENTS**

**ILLINOIS RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
- 2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
- 3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## INDIANA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Tumble Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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 Law.
- 3. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Tumble Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

All Franchise Fees are deferred 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.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW YORK RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Tumble Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Tumble Fresh Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.
  
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Tumble Fresh Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
  
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
  
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Tumble Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
- (11) Fee Deferral: All Franchise Fees are deferred 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.

(12) No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a 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.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**RHODE ISLAND RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Tumble Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Tumble Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
  
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT**

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 limitation period for claims under the Act, 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.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TUMBLE FRESH FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT K**

**ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION**

**ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION**

Franchisee: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

Attention: Accounting

The undersigned hereby has entered into a Franchise Agreement with Tumble Fresh Franchising, LLC (the "Franchise Agreement"), and authorizes Tumble Fresh Franchising, LLC ("Tumble Fresh") or any of its affiliated entities, to initiate one-time, weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing royalty fees, marketing fund contributions and other amounts that become due and payable by the undersigned to Tumble Fresh or any affiliate pursuant to the Franchise Agreement or any other agreement between the undersigned and Tumble Fresh or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Tumble Fresh.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to applicable law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely yours,

\_\_\_\_\_

Account Name

Customer Street Address

City State Zip Code

Customer Telephone Number

Customer's Account Number

Bank's Account Number

\_\_\_\_\_

Bank Name

\_\_\_\_\_

Branch

\_\_\_\_\_

Bank Street Address

\_\_\_\_\_

City State Zip Code

\_\_\_\_\_

Bank Telephone Number

\_\_\_\_\_

Bank Routing/ABA Number

**EXHIBIT L**  
**ALERUS LOAN DOCUMENTS**

## Borrower and Operating Company Certification

In order to induce Alerus Financial, N.A. (“Lender”) to make a U.S. Small Business Administration (“SBA”) guaranteed Loan, SBA Loan Number \_\_\_\_\_ (“Loan”) to \_\_\_\_\_ (“Borrower”) or (“Borrower” and “Operating Company”),

A. Borrower and \_\_\_\_\_ (“Operating Company”) certify that:

- (1) **Receipt of Authorization**—Borrower and Operating Company have received a copy of this Authorization from Lender, and acknowledge that:
  - (a) The Authorization is not a commitment by Lender to make a loan to Borrower;
  - (b) The Authorization is between Lender and SBA and creates no third-party rights or benefits to Borrower;
  - (c) The Note will require Borrower to give Lender prior notice of intent to prepay.
  - (d) If Borrower defaults on Loan, SBA may be required to pay Lender under the SBA guaranty. SBA may then seek recovery of these funds from Borrower. Under SBA regulations, 13 CFR Part 101, Borrower may not claim or assert against SBA any immunities or defenses available under local law to defeat, modify or otherwise limit Borrower’s obligation to repay to SBA any funds advanced by Lender to Borrower.
  - (e) Payments by SBA to Lender under SBA’s guarantee will not apply to the Loan account of Borrower, or diminish the indebtedness of Borrower under the Note or the obligations of any personal guarantor of the Note.
  - (f) If the small business defaults on the SBA-guaranteed loan and SBA suffers a loss, the names of the small business and the guarantors of the SBA-guaranteed loan will be referred for listing in the Credit Alert Verification Reporting System (CAIVRS) database, which may affect their eligibility for further financial assistance.
- (2) **Adverse Change** - There has been no adverse change in Borrower's (and Operating Company's) financial condition, organization, operations, or fixed assets since the date the Loan application was signed.
- (3) **Child Support**—No principal who owns at least 50% of the ownership or voting interest of the company is delinquent more than 60 days under the terms of any (a) administrative order, (b) court order, or (c) repayment agreement requiring payment of child support.
- (4) **Current Taxes**—Borrower and Operating Company are current (or will be current with any loan proceeds specified for eligible tax payments) on all federal, state, and local taxes, including but not limited to income taxes, payroll taxes, real estate taxes, and sales taxes.
- (5) **401k / ROBS** - If applicable, the Borrower(s) and the 401(k) plan are in compliance with all applicable IRS, Treasury, and Department of Labor requirements and will comply with all relevant operating and reporting requirements.
- (6) **Environmental** - For any real estate pledged as collateral for the loan or where the Borrower or OC is conducting business operations, the Borrower or OC are in compliance with all local, state, and Federal environmental laws and regulations and will continue to comply with these laws and regulations. Furthermore, they are unaware of any other actual or potential environmental hazards related to the collateral or business premises. They agree to fully indemnify Lender and SBA against all liabilities or losses arising from the contamination of the property before or during the term of the loan.

B. Borrower and Operating Company certify that they will:

- (1) **Reimbursable Expenses**—Reimburse Lender for expenses incurred in the making and administration of the Loan.
- (2) **Books, Records, and Reports**—
  - (a) Keep proper books of account in a manner satisfactory to Lender;
  - (b) Furnish year-end statements to Lender within 120 days of fiscal year end;
  - (c) Furnish additional financial statements or reports whenever Lender requests them;
  - (d) Allow Lender or SBA, at Borrower's or Operating Company's expense, to:
    - [1] Inspect and audit books, records and papers relating to Borrower's and Operating Company's financial or business condition; and
    - [2] Inspect and appraise any of Borrower's and Operating Company's assets; and
    - [3] Allow all government authorities to furnish reports of examinations, or any records pertaining to Borrower and Operating Company, upon request by Lender or SBA.
- (3) **Equal Opportunity**—Post SBA Form 722, Equal Opportunity Poster, where it is clearly visible to employees, applicants for employment and the general public.
- (4) **American-made Products**—To the extent practicable, purchase only American-made equipment and products with the proceeds of the Loan.
- (5) **Taxes**—Pay all federal, state, and local taxes, including income, payroll, real estate and sales taxes of the business when they come due.
- (6) **Refinance** - Any credit card debt being refinanced was incurred exclusively for business purposes.
- (7) **Leasing** – During the life of the loan, the real estate pledged as Collateral for the Loan or where the Borrower or Operating Company conducts its business operations will not be leased to or occupied by any business that Borrower or Operating Company knows is engaged in any activity that is illegal under federal, state or local law or any activity that can reasonably be determined to support or facilitate any activity that is illegal under federal, state, or local law.
- (8) **Occupancy** - Occupy at least 51% of the total Rentable Property and may lease up to 49% for business or residential use. Borrower will not use Loan proceeds to improve or renovate any of the Rentable Property leased to third parties. Borrower may provide up to 49% of the Rentable Property to be occupied by

The above paragraph applies with existing CRE collateral and an OC borrower

**Occupancy** - Comply with the following provisions: (a) Borrower must lease 100% of the Rentable Property to Operating Company; (b) Operating Company may sublease up to 49% of the Rentable Property for business or residential use; and (c) Operating Company will not use Loan proceeds to improve or renovate any of the Rentable Property that is to be sub-leased. Operating Company may provide up to 49% of the Rentable Property occupied by Operating Company for use by a resident owner or manager only if the nature of the business demands it.

The above paragraph applies with existing CRE collateral and EPC & OC borrowers

**Occupancy** - Occupy at least 60% of the Rentable Property; (b) Continue to occupy at least 60% of the Rentable Property for the term of the Loan; (c) Lease long term no more than 20% of the Rentable Property to one or more tenants for business or residential use; (d) Plan to occupy within three years some of the remaining Rentable Property not immediately occupied or leased long term; (e) Plan to occupy within ten years all of the Rentable Property not immediately occupied or leased long term; and (f) will not use Loan proceeds to improve the

space not immediately occupied by Borrower to enhance the leasehold value to tenant beyond that necessary for the Borrower's intended use as a future occupant under (d) and (e) above, or to enhance the leasehold value to a tenant under (c) above.

However, Borrower may provide up to 49% of the total Rentable Property occupied by Borrower for use by a resident owner or manager only if the nature of the business demands it.

**The above paragraph applies with new construction CRE and an OC Borrower**

**Occupancy** - Comply with the following provisions: (a) Borrower must lease 100% of the Rentable Property to Operating Company; (b) Operating Company must immediately occupy at least 60% of the Rentable Property; (c) Operating Company must continue to occupy at least 60% of the Rentable Property for the term of the Loan; (d) Operating Company will lease long term no more than 20% of the Rentable Property to one or more tenants; (e) Operating Company must plan to occupy within three years some of the remaining Rentable Property not immediately occupied or leased long term; (f) Operating Company must plan to occupy within ten years all of the Rentable Property not immediately occupied or leased long term; and (g) Operating Company will not use Loan proceeds to improve the space not immediately occupied by Operating Company to enhance the leasehold value to tenant beyond that necessary for the Operating Company's intended use as future occupant under (e) and (f) above, or to enhance the leasehold value to a tenant under (d) above.

However, Operating Company may provide up to 49% of the total Rentable Property occupied by Operating Company for use by a resident owner or manager only if the nature of the business demands it.

**The above paragraph applies with new construction CRE with EPC & OC borrowers.**

- (9) **Financial Reporting** – During the life of the loan as determined by Lender provide the following financial documentation:
- (a) Annual Business Tax Return of Operating Company or Eligible Passive Company or Affiliate, if any.
  - (b) Annual Business Financial Statements of Operating Company or Eligible Passive Company, if any (i.e. Balance Sheet and Profit & Loss Statement).
  - (c) Annual Personal Tax Return of Guarantor(s).
  - (d) Annual current Personal Financial Statement of Guarantor(s).
  - (e) Quarterly Business Financial Statements of Operating Company (i.e. Balance Sheet and Profit & Loss Statement).
  - (f) Monthly AR Aging and Inventory Report of Operating Company.

C. Borrower and Operating Company certify that they will not, without Lender's prior written consent:

- (1) **Distributions**—Make any distribution of company assets that will adversely affect the financial condition of Borrower and/or Operating Company.
- (2) **Ownership Changes**—Change the ownership structure or interests in the business during the term of the Loan.
- (3) **Transfer of Assets**—Sell, lease, pledge, encumber (except by purchase money liens on property acquired after the date of the Note), or otherwise dispose of any of Borrower's property or assets, except in the ordinary course of business.

Borrower and Operating Company, if any, warrants and represents that all information provided to Lender, including without limitation, all information regarding the Borrower's and Operating Company's, if any, financial condition, is accurate to the best of its knowledge and that Borrower and Operating Company, if any, has not withheld any material information. Borrower and Operating Company, if any, acknowledges that for the purpose of this transaction, Lender is acting on behalf of SBA, an agency of the United States Government, except that SBA accepts no liability or responsibility for any wrongful act



or omission by Lender. Borrower and Operating Company, if any, further acknowledges that any false statements to Lender can be considered a false statement to the federal government under 18 U.S.C. § 1001, and may subject the Borrower and Operating Company, if any, to criminal penalties and that Lender and SBA are relying upon the information submitted by the Borrower and Operating Company, if any.

Borrower:

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date:

# LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made \_\_\_\_\_, \_\_\_\_\_ between the Borrower and Lender identified in the attached Authorization issued by the U.S. Small Business Administration ("SBA") to Lender, dated \_\_\_\_\_, \_\_\_\_\_, SBA Loan Number \_\_\_\_\_ ("Authorization").

SBA has authorized a guaranty of a loan from Lender to Borrower for the amount and under the terms stated in the attached Authorization (the "Loan").

In consideration of the promises in this Agreement and for other good and valuable consideration, Borrower and Lender agree as follows:

1. Subject to the terms and conditions of the Authorization and SBA's Participating Lender Rules as defined in the Guaranty Agreement between Lender and SBA, Lender agrees to make the Loan if Borrower complies with the following "Borrower Requirements". Borrower must:
  - a. Provide Lender with all certifications, documents or other information Lender is required by the Authorization to obtain from Borrower or any third party;
  - b. Execute a note and any other documents required by Lender; and
  - c. Do everything necessary for Lender to comply with the terms and conditions of the Authorization.
2. The terms and conditions of this Agreement:
  - a. Are binding on Borrower and Lender and their successors and assigns;  
and
  - b. Will remain in effect after the closing of the Loan.
3. Failure to abide by any of the Borrower Requirements will constitute an event of default under the note and other loan documents
4. Execution in Counterparts. This Loan Agreement, the Loan Documents or any other documents or agreements provided for herein may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Loan Agreement, the Loan Documents or any other documents or agreements provided herein, as the case may be, taken together shall constitute but one and the same instrument."

Borrower: \_\_\_\_\_ See attached signature page \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

Lender: \_\_\_\_\_ See attached signature page \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

# SIGNATURE PAGE

LENDER: Alerus Financial, N.A.

By \_\_\_\_\_ Date \_\_\_\_\_  
Advisor Name, Advisor Title

BORROWER: \_\_\_\_\_

By \_\_\_\_\_ Date \_\_\_\_\_  
Officer Name, Officer Title of Borrower

## **LESSOR'S AGREEMENT**

**WHEREAS, OPERATING COMPANY, a STATE ENTITY TYPE** ("Lessee" & "Guarantor") by executed lease originated **DATE OF LEASE** has a leasehold interest in the premises described as:

### **ADDRESS OF LEASED SPACE**

**WHEREAS, LANDLORD, a STATE ENTITY TYPE** ("Lessor" & "Borrower") is the Landlord and Lessor of the leased premises under the lease, and

**WHEREAS, Alerus Financial, N.A.**, 2300 S Columbia, Grand Forks, ND 58201, (952) 417-3732 ("Lender") proposes to make a loan to Borrower, evidenced by a note or notes and secured by a security interest in certain personal property, pledged to the Lender by the Lessee, located on or to be located on the leased premises, provided that Lessor executes this Agreement.

**NOW THEREFORE**, in order to induce Lender to make the proposed loan to the Borrower, and in consideration of Lender making the loan to the Lessee, Lessor certifies and covenants to Lender as follows:

1. Lessee is presently in lawful possession of the leased premises by virtue of the lease.
2. Lessor is unaware of any default, by Lessee, under the terms of the lease as of the date of this Agreement.
3. Lessor shall provide Lender written notice of any default under or breach of the lease, which left uncured, would cause a termination of the lease by the Lessor and shall provide Lender with an opportunity to cure any default existing thereunder.
4. None of the personal property of the Lessee securing the loan and situated on or hereafter placed on the leased premises constitutes fixtures or any part of Lessor's real estate. Any and all of Lessee's personal property, may be removed from the leased premises by the Lessee or Lessee's assigns at any time.
5. Lessor acknowledges that any liens, claim or claims that Lender or Lender's assigns have or may hereafter acquire against the personal property of Lessee securing the loan are superior to any lien or claim of any nature which Lessor has or may hereafter acquire to such personal property.
6. Should Lessee default on the lease or lose the right to occupy the leased premises for any reason, or default by the Borrower on the loan causing Lender to foreclose or otherwise realize upon the collateral securing the loan, Lender shall have the right to:
  - (a) With at least 48 hours prior written notice, enter upon the leased premises during normal business hours, for the purpose of enforcing its lien upon Lessee's personal property including foreclosure, sale with prior notice, or removal of machinery, equipment, furniture or other personal property securing the loan; and,
  - (b) If Lender enters onto the leased premises and removes any personal property, Lender agrees with Lessor not to remove any personal property in such a way that the leased premises are damaged without either repairing any such damage or reimbursing Lessor for the cost of repair. Further, Lender agrees to indemnify and hold harmless for, from and against all liabilities, claims, damages, losses, costs, suits and expenses arising from Lender's removal of personal property and/or Lender's or Lender's invitees entrance upon the leased premises for the purpose of inspecting the personal property, conducting or attending sales of the personal property or otherwise.
  - (c) Upon such entry, retain possession of the leased premises for a period of up to 30 days to effect removal or disposition of the Lessee's personal property. Such period may be extended by agreement of the Lessor and Lender. For such possession Lender shall be liable for and shall pay to Lessor a rental of not more than the rental provided for in the lease.

This agreement shall be incorporated as part of the lease by reference and shall bind and inure to the benefit of those executing this Agreement and their executors, administrators, successors and assigns.

DATE: \_\_\_\_\_, \_\_\_\_\_

**LANDLORD (LESSOR)**

**Alerus Financial, N.A. (LENDER)**

\_\_\_\_\_  
BY:  
Its:

\_\_\_\_\_  
BY:  
Its



# NOTE

SBA Loan #	
SBA Loan Name	
Date	
Loan Amount	
Interest Rate	
Borrower	
Operating Company	
Lender	

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of

\_\_\_\_\_ Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

“Collateral” means any property taken as security for payment of this Note or any guarantee of this Note.

“Guarantor” means each person or entity that signs a guarantee of payment of this Note.

“Loan” means the loan evidenced by this Note.

“Loan Documents” means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

“SBA” means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:



4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:



- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.





10. STATE-SPECIFIC PROVISIONS:



11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

BORROWER'S NAME AND SIGNATURE:

BORROWER'S NAME AND SIGNATURE:

BORROWER'S NAME AND SIGNATURE:





U.S. Small Business Administration  
**SECURITY AGREEMENT**

SBA Loan #	
SBA Loan Name	
Debtor <i>(Exact full legal name of individual(s), corporation, LLC, partnership, or other organization)</i>	
Borrower	
Secured Party	
Date	
Note Amount	

1. DEFINITIONS.

Unless otherwise specified, all terms used in this Agreement will have the meanings ascribed to them under the Official Text of the Uniform Commercial Code, as it may be amended from time to time, (“UCC”). “SBA” means the Small Business Administration, an Agency of the U.S. Government.

2. GRANT OF SECURITY INTEREST.

For value received, the Debtor grants to the Secured Party a security interest in the property described below in paragraph 4 (the “Collateral”).

3. OBLIGATIONS SECURED.

This Agreement secures the payment and performance of: (a) all obligations under a Note dated \_\_\_\_\_, made

by \_\_\_\_\_, made payable to

\_\_\_\_\_, in the amount

of \$ \_\_\_\_\_ (“Note”), including all costs and expenses (including reasonable attorney’s fees), incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note; (b) all costs and expenses (including reasonable attorney’s fees), incurred by Secured Party in the protection, maintenance and enforcement of the security interest hereby granted; (c) all obligations of the Debtor in any other agreement relating to the Note; and (d) any modifications, renewals, refinancings, or extensions of the foregoing obligations.

The Note and all other obligations secured hereby are collectively called the “Obligations.”

4. COLLATERAL DESCRIPTION.

The Collateral in which this security interest is granted is all of the Debtor’s property described below, and indicated by an “X” or other mark on the applicable line, now owned or hereafter acquired, together with all replacements, accessions, proceeds, and products.

- |   |   |
|---|---|
| <input type="checkbox"/> a. Equipment   | <input type="checkbox"/> f. Chattel paper       |
| <input type="checkbox"/> b. Fixtures    | <input type="checkbox"/> g. General intangibles |
| <input type="checkbox"/> c. Inventory   | <input type="checkbox"/> h. Documents           |
| <input type="checkbox"/> d. Accounts    | <input type="checkbox"/> i. Farm products       |
| <input type="checkbox"/> e. Instruments | <input type="checkbox"/> j. Deposit accounts    |
|   | <input type="checkbox"/> k. Investment property |

l. Titled motor vehicles, including mobile or manufactured homes (list make, model, and serial #):

---

---

m. Other: Insert specific description of other forms of Collateral not included in categories a through k above (for example, specific commercial tort claim, letter-of-credit rights):

---

---

5. RESTRICTIONS ON COLLATERAL TRANSFER.

Debtor will not sell, lease, license or otherwise transfer (including by granting security interests, liens, or other encumbrances in) all or any part of the Collateral or Debtor’s interest in the Collateral without Secured Party’s written or electronically communicated approval, except that Debtor may sell inventory in the ordinary course of business on customary terms.

Debtor may collect and use amounts due on accounts and other rights to payment arising or created in the ordinary course of business, until notified otherwise by Secured Party in writing or by electronic communication.

6. MAINTENANCE AND LOCATION OF COLLATERAL; INSPECTION; INSURANCE.

Debtor must promptly notify Secured Party by written or electronic communication of any change in location of the Collateral, specifying the new location. Debtor hereby grants to Secured Party the right to inspect the Collateral at all reasonable times and upon reasonable notice. Debtor must: (a) maintain the Collateral in good condition; (b) pay promptly all taxes, judgments, or charges of any kind levied or assessed thereon; (c) keep current all rent or mortgage payments due, if any, on premises where the Collateral is located; and (d) maintain hazard insurance on the Collateral, with an insurance company and in an amount approved by Secured Party (but in no event less than the replacement cost of that Collateral), and including such terms as Secured Party may require including a Lender's Loss Payable Clause in favor of Secured Party. Debtor hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Debtor's name all proofs of loss, drafts, checks and any other documents necessary for Secured Party to obtain such payments.

7. CHANGES TO DEBTOR'S LEGAL STRUCTURE, PLACE OF BUSINESS, JURISDICTION OF ORGANIZATION, OR NAME.

Debtor must notify Secured Party by written or electronic communication not less than 30 days before taking any of the following actions: (a) changing or reorganizing the type of organization or form under which it does business; (b) moving, changing its place of business or adding a place of business; (c) changing its jurisdiction of organization; or (d) changing its name. Debtor will pay for the preparation and filing of all documents, Secured Party deems necessary to maintain, perfect and continue the perfection of Secured Party's security interest in the event of any such change.

8. PERFECTION OF SECURITY INTEREST.

Debtor consents, without further notice, to Secured Party's filing or recording of any documents necessary to perfect, continue, amend or terminate its security interest. Upon request of Secured Party, Debtor must sign or otherwise authenticate all documents that Secured Party deems necessary at any time to allow Secured Party to acquire, perfect, continue or amend its security interest in the Collateral. Debtor will pay the filing and recording costs of any documents relating to Secured Party's security interest. Debtor ratifies all previous filings and recordings, including financing statements and notations on certificates of title. Debtor will cooperate with Secured Party in obtaining a Control Agreement satisfactory to Secured Party with respect to any Deposit Accounts or Investment Property, or in otherwise obtaining control or possession of that or any other Collateral.

9. DEFAULT.

Debtor is in default under this Agreement if: (a) Debtor fails to pay, perform or otherwise comply with any provision of this Agreement; (b) Debtor makes any materially false representation, warranty or certification in, or in connection with, this Agreement, the Note, or any other agreement related to the Note or this Agreement; (c) another secured party or judgment creditor exercises its rights against the Collateral; or (d) an event defined as a "default" under the Obligations occurs. In the event of default and if Secured Party requests, Debtor must assemble and make available all Collateral at a place and time designated by Secured Party. Upon default and at any time thereafter, Secured Party may declare all Obligations secured hereby immediately due and payable, and, in its sole discretion, may proceed to enforce payment of same and exercise any of the rights and remedies available to a secured party by law including those available to it under Article 9 of the UCC that is in effect in the jurisdiction where Debtor or the Collateral is located. Unless otherwise required under applicable law, Secured Party has no obligation to clean or otherwise prepare the Collateral for sale or other disposition and Debtor waives any right it may have to require Secured Party to enforce the security interest or payment or performance of the Obligations against any other person.

10. FEDERAL RIGHTS.

When SBA is the holder of the Note, this Agreement will be construed and enforced under federal law, including SBA regulations. Secured Party or SBA may use state or local procedures for filing papers, recording documents, giving notice, enforcing security interests or liens, and for any other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax or liability. As to this Agreement, Debtor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

11. GOVERNING LAW.

Unless SBA is the holder of the Note, in which case federal law will govern, Debtor and Secured Party agree that this Agreement will be governed by the laws of the jurisdiction where the Debtor is located, including the UCC as in effect in such jurisdiction and without reference to its conflicts of laws principles.

12. Secured party rights.

All rights conferred in this Agreement on Secured Party are in addition to those granted to it by law, and all rights are cumulative and may be exercised simultaneously. Failure of Secured Party to enforce any rights or remedies will not constitute an estoppel or waiver of Secured Party's ability to exercise such rights or remedies. Unless otherwise required under applicable law, Secured Party is not liable for any loss or damage to Collateral in its possession or under its control, nor will such loss or damage reduce or discharge the Obligations that are due, even if Secured Party's actions or inactions caused or in any way contributed to such loss or damage.

13. SEVERABILITY.

If any provision of this Agreement is unenforceable, all other provisions remain in effect.

14. DEBTOR CERTIFICATIONS.

Debtor certifies that: (a) its Name (or Names) as stated above is correct; (b) all Collateral is owned or titled in the Debtor's name and not in the name of any other organization or individual; (c) Debtor has the legal authority to grant the security interest in the Collateral; (d) Debtor's ownership in or title to the Collateral is free of all adverse claims, liens, or security interests (unless expressly permitted by Secured Party); (e) none of the Obligations are or will be primarily for personal, family or household purposes; (f) none of the Collateral is or will be used, or has been or will be bought primarily for personal, family or household purposes; and (g) Debtor has read and understands the meaning and effect of all terms of this Agreement.

15. DEBTOR NAME(S) AND SIGNATURE(S).

By signing or otherwise authenticating below, each individual and each organization becomes jointly and severally obligated as a Debtor under this Agreement.

[INSERT APPROPRIATE SIGNATURE LINES]



U.S. Small Business Administration  
**UNCONDITIONAL GUARANTEE**

SBA Loan #	
SBA Loan Name	
Guarantor	
Borrower	
Lender	
Date	
Note Amount	

1. GUARANTEE:

Guarantor unconditionally guarantees payment to Lender of all amounts owing under the Note. This Guarantee remains in effect until the Note is paid in full. Guarantor must pay all amounts due under the Note when Lender makes written demand upon Guarantor. Lender is not required to seek payment from any other source before demanding payment from Guarantor.

2. NOTE:

The "Note" is the promissory note dated \_\_\_\_\_ in the principal amount of \_\_\_\_\_ Dollars, from Borrower to Lender. It includes any assumption, renewal, substitution, or replacement of the Note, and multiple notes under a line of credit.

3. DEFINITIONS:

- "Collateral" means any property taken as security for payment of the Note or any guarantee of the Note.
- "Loan" means the loan evidenced by the Note.
- "Loan Documents" means the documents related to the Loan signed by Borrower, Guarantor or any other guarantor, or anyone who pledges Collateral.
- "SBA" means the Small Business Administration, an Agency of the United States of America.

4. LENDER'S GENERAL POWERS:

Lender may take any of the following actions at any time, without notice, without Guarantor's consent, and without making demand upon Guarantor:

- A. Modify the terms of the Note or any other Loan Document except to increase the amounts due under the Note;
- B. Refrain from taking any action on the Note, the Collateral, or any guarantee;
- C. Release any Borrower or any guarantor of the Note;
- D. Compromise or settle with the Borrower or any guarantor of the Note;
- E. Substitute or release any of the Collateral, whether or not Lender receives anything in return;
- F. Foreclose upon or otherwise obtain, and dispose of, any Collateral at public or private sale, with or without advertisement;
- G. Bid or buy at any sale of Collateral by Lender or any other lienholder, at any price Lender chooses; and
- H. Exercise any rights it has, including those in the Note and other Loan Documents.

These actions will not release or reduce the obligations of Guarantor or create any rights or claims against Lender.

5. FEDERAL LAW:

When SBA is the holder, the Note and this Guarantee will be construed and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Guarantee, Guarantor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

6. RIGHTS, NOTICES, AND DEFENSES THAT GUARANTOR WAIVES:

To the extent permitted by law,

- A. Guarantor waives all rights to:
  - 1) Require presentment, protest, or demand upon Borrower;
  - 2) Redeem any Collateral before or after Lender disposes of it;
  - 3) Have any disposition of Collateral advertised; and
  - 4) Require a valuation of Collateral before or after Lender disposes of it.
- B. Guarantor waives any notice of:
  - 1) Any default under the Note;
  - 2) Presentment, dishonor, protest, or demand;
  - 3) Execution of the Note;
  - 4) Any action or inaction on the Note or Collateral, such as disbursements, payment, nonpayment, acceleration, intent to accelerate, assignment, collection activity, and incurring enforcement expenses;
  - 5) Any change in the financial condition or business operations of Borrower or any guarantor;
  - 6) Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
  - 7) The time or place of any sale or other disposition of Collateral.
- C. Guarantor waives defenses based upon any claim that:
  - 1) Lender failed to obtain any guarantee;
  - 2) Lender failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
  - 3) Lender or others improperly valued or inspected the Collateral;
  - 4) The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;



- 5) Lender impaired the Collateral;
- 6) Lender did not dispose of any of the Collateral;
- 7) Lender did not conduct a commercially reasonable sale;
- 8) Lender did not obtain the fair market value of the Collateral;
- 9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
- 10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
- 11) Lender made errors or omissions in Loan Documents or administration of the Loan;
- 12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor:
- 13) Lender impaired Guarantor's suretyship rights;
- 14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- 15) Borrower has avoided liability on the Note; or
- 16) Lender has taken an action allowed under the Note, this Guarantee, or other Loan Documents.

7. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

8. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes heirs and successors, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, including, but not limited to, attorney's fees and costs.
- B. SBA NOT A CO-GUARANTOR. Guarantor's liability will continue even if SBA pays Lender. SBA is not a co-guarantor with Guarantor. Guarantor has no right of contribution from SBA.
- C. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in full.
- D. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.
- E. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- F. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.
- G. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.
- H. ORAL STATEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter the written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.
- I. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.
- J. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

10. STATE-SPECIFIC PROVISIONS:

[Empty box for state-specific provisions]

11. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all waivers.

12. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated as Guarantor under this Guarantee.



UNCONDITIONAL LIMITED GUARANTEE

SBA Loan #	
SBA Loan Name	
Guarantor	
Borrower	
Lender	
Date	
Note Amount	

1. GUARANTEE:

Guarantor unconditionally guarantees payment to Lender of all amounts owing under the Note, as limited below. Guarantor must pay all amounts owing under this Guarantee when Lender makes written demand upon Guarantor. Lender is not required to seek payment from any other source before demanding payment from Guarantor.

2. NOTE:

The "Note" is the promissory note dated \_\_\_\_\_ in the principal amount of \_\_\_\_\_ Dollars, from Borrower to Lender. It includes any assumption, renewal, substitution, or replacement of the Note, and multiple notes under a line of credit.

3. DEFINITIONS:

- "Collateral" means any property taken as security for payment of the Note or any guarantee of the Note.
- "Loan" means the loan evidenced by the Note.
- "Loan Documents" means the documents related to the Loan signed by Borrower, Guarantor or any other guarantor, or anyone who pledges Collateral.
- "SBA" means the Small Business Administration, an Agency of the United States of America.

4. PAYMENT LIMITATION: *(Check only one box)*

- BALANCE REDUCTION: The guarantee is of all amounts owing under the Note, and will continue until the total of all amounts owing under the Note is reduced below \$ \_\_\_\_\_, at which time Guarantor will be released from liability if the Note is not in default.
- PRINCIPAL REDUCTION: The guarantee is of all amounts owing under the Note, and will continue until the outstanding principal balance of the Note is reduced below \$ \_\_\_\_\_, at which time Guarantor will be released from liability if the Note is not in default.
- MAXIMUM LIABILITY: The guarantee is limited to Guarantor's payment of \$ \_\_\_\_\_.
- PERCENTAGE: The guarantee is limited to Guarantor's payment of \_\_\_\_\_ % of all amounts owing under the Note at the time demand is first made on Guarantor, plus the same percentage of any accrued interest and other costs charged to the Note after demand, until Guarantor fully performs this Guarantee.
- TIME: The guarantee is of all amounts owing under the Note. The guarantee will continue until \_\_\_\_\_ years after the date of the Note (the "Guarantee Period"). If Borrower is in default at the end of the Guarantee Period, the guarantee will continue until all defaults are cured.
- COLLATERAL/RECOURSE: The guarantee is limited to the amount Lender obtains from the following Collateral pledged by Guarantor:

- COMMUNITY PROPERTY OR SPOUSAL INTEREST: The guarantee is limited to Guarantor's community property or spousal interest in collateral pledged to secure the Note or any guarantee.

5. LENDER'S GENERAL POWERS:

Lender may take any of the following actions at any time, without notice, without Guarantor's consent, and without making demand upon Guarantor:

- A. Modify the terms of the Note or any other Loan Document except to increase the amounts due under the Note;
- B. Refrain from taking any action on the Note, the Collateral, or any guarantor;
- C. Release any Borrower or any guarantor of the Note;
- D. Compromise or settle with the Borrower or any guarantor of the Note;
- E. Substitute or release any of the Collateral, whether or not Lender receives anything in return;
- F. Foreclose upon or otherwise obtain, and dispose of, any Collateral at public or private sale, with or without advertisement;
- G. Bid or buy at any sale of Collateral by Lender or any other lienholder, at any price Lender chooses; and
- H. Exercise any rights it has, including those in the Note and other Loan Documents.

These actions will not release or reduce the obligations of Guarantor or create any rights or claims against Lender.

6. FEDERAL LAW:

When SBA is the holder, the Note and this Guarantee will be construed and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Guarantee, Guarantor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

7. RIGHTS, NOTICES, AND DEFENSES THAT GUARANTOR WAIVES:

To the extent permitted by law,

- A. Guarantor waives all rights to:
  - 1) Require presentment, protest, or demand upon Borrower;
  - 2) Redeem any Collateral before or after Lender disposes of it;
  - 3) Have any disposition of Collateral advertised; and
  - 4) Require a valuation of Collateral before or after Lender disposes of it.
- B. Guarantor waives any notice of:
  - 1) Any default under the Note;
  - 2) Presentment, dishonor, protest, or demand;
  - 3) Execution of the Note;
  - 4) Any action or inaction on the Note or Collateral, such as disbursements, payment, nonpayment, acceleration, intent to accelerate, assignment, collection activity, and incurring enforcement expenses;
  - 5) Any change in the financial condition or business operations of Borrower or any guarantor;
  - 6) Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
  - 7) The time or place of any sale or other disposition of Collateral.
- C. Guarantor waives defenses based upon any claim that:
  - 1) Lender failed to obtain any guarantee;
  - 2) Lender failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
  - 3) Lender or others improperly valued or inspected the Collateral;
  - 4) The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;

- 5) Lender impaired the Collateral;
- 6) Lender did not dispose of any of the Collateral;
- 7) Lender did not conduct a commercially reasonable sale;
- 8) Lender did not obtain the fair market value of the Collateral;
- 9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
- 10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
- 11) Lender made errors or omissions in Loan Documents or administration of the Loan;
- 12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor:
- 13) Lender impaired Guarantor's suretyship rights;
- 14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- 15) Borrower has avoided liability on the Note; or
- 16) Lender has taken an action allowed under the Note, this Guarantee, or other Loan Documents.

8. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

9. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes successors, and Lender includes successors and assigns.

10. GENERAL PROVISIONS:

- A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, including, but not limited to, attorney's fees and costs.
- B. SBA NOT A CO-GUARANTOR. Guarantor's liability will continue even if SBA pays Lender. SBA is not a co-guarantor with Guarantor. Guarantor has no right of contribution from SBA.
- C. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in full.
- D. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.
- E. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- F. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.
- G. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.
- H. ORAL STATEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter the written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.
- I. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.
- J. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

11. STATE-SPECIFIC PROVISIONS:

[Empty box for state-specific provisions]



12. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all waivers.

13. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated as Guarantor under this Guarantee.



**Attachment 2**  
**ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT**

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

---

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

•

## COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

### Authorized Representative of FRANCHISOR:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

### Authorized Representative of FRANCHISEE:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

SBA Loan No.: \_\_\_\_\_

SBA Loan Name: \_\_\_\_\_

## EQUIPMENT CERTIFICATION

In consideration of the XXX Hundred XXX Thousand and 00/100 Dollars (\$XXX,000.00) term loan ("Loan") from Alerus Financial, N.A., an National Association ("Lender"), and federal financial assistance from the U.S. Small Business Administration ("SBA") to BORROWER NAME, a STATE ENTITY TYPE ("Borrower"), Borrower hereby certifies to Lender and the SBA that the equipment set forth on **Exhibit "A"** attached hereto, is all of the equipment currently owned by Borrower and pledged by Borrower as collateral for the Loan, whether jointly or severally. Any item of equipment with a value of Five Thousand and 00/100 Dollars (\$5,000.00) described on **Exhibit "A"** also includes the make, model and serial number.

Executed this \_\_\_\_\_ day of \_\_\_\_\_ 20XX.

BORROWER NAME  
(a STATE ENTITY TYPE)

By: \_\_\_\_\_  
OFFICER NAME  
Its OFFICER TITLE



U.S. SMALL BUSINESS ADMINISTRATION
RESOLUTION OF BOARD OF DIRECTORS OF

SBA LOAN NO
[Empty box for loan number]

(For Corporate Applicants)

(Name of Applicant)

(1) RESOLVED, that the officers of this corporation named below, or any one of them, or their, or any one of their, duly elected or appointed successors in office, be and they are hereby authorized and empowered in the name and on behalf of this corporation and under its corporate seal to execute and deliver to the (hereinafter called "Lender") or the Small Business Administration (hereinafter called "SBA"), as the case may be, in the form required by Lender or SBA, the following documents: (a) application for a loan or loans, the total thereof not to exceed in principal amount \$ , maturing upon such date or dates and bearing interest at such rate or rates as may be prescribed by Lender or SBA; (b) applications for any renewals or extensions of all or any part of such loan or loans and of any other loans, heretofore or hereafter made by Lender or SBA to this corporation; (c) the promissory note or notes of this corporation evidencing such loan or loans or any renewals or extensions thereof; and (d) any other instruments or agreements of this corporation which may be required by Lender or SBA in connection with such loans, renewals, and/or extensions; and that said officers in their discretion may accept any such loan or loans in installments and give one or more notes of this corporation therefor, and may receive and endorse in the name of this corporation any checks or drafts representing such loan or loans or any such installments;

(2) FURTHER RESOLVED, that the aforesaid officers or any one of them, or their duly elected or appointed successors in office, be and they are hereby authorized and empowered to do any acts, including but not limited to the mortgage, pledge, or hypothecation from time to time with Lender or SBA of any or all assets of this corporation to secure such loan or loans, renewals and extensions, and to execute in the name and on behalf of this corporation and under its corporate seal or otherwise, any instruments or agreements deemed necessary or proper by Lender or SBA, in respect of the collateral securing any indebtedness of this corporation;

(3) FURTHER RESOLVED, that any indebtedness heretofore contracted and any contracts or agreements heretofore made with Lender or SBA on behalf of this corporation, and all acts of officers or agents of this corporation in connection with said indebtedness or said contracts or agreements, are hereby ratified and confirmed;

(4) FURTHER RESOLVED, that the officers referred to in the foregoing resolutions are as follows:

Table with 3 columns: (Typewrite name), (Title), (Signature). It contains five rows of blank lines for officer information.

(5) FURTHER RESOLVED, that Lender or SBA is authorized to rely upon the aforesaid resolutions until receipt of written notice of any change.

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution regularly presented to and adopted by the Board of Directors of

(Name of Applicant)

at on the day of , at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names; and that the signatures set opposite their respective names are their true and genuine signatures.

(Seal)

Secretary

## TAXPAYER CONSENT FORM

Each of the undersigned hereby understand, acknowledge, and agree that Alerus Financial, N.A. (“Lender”) and the other Benefitting Parties, as hereafter defined, are authorized to obtain, use and share each of the undersigned’s tax return information for purposes of (i) providing a loan proposal; (ii) originating, maintaining, managing, monitoring, servicing, selling, insuring, and securitizing a loan and all collateral for any such loan; (iii) marketing purposes; or (iv) as otherwise permitted by applicable laws, including state and federal privacy and data security laws.

The term “Lender,” as used above, includes Lender’s affiliates, agents, service providers and any of aforementioned parties’ respective successors and assigns. The term “Benefitting Parties,” as used above, includes (i) any actual owners of a loan resulting from a loan application or guarantee thereof, as applicable, (ii) any potential purchasers of a loan resulting from a loan application or guarantee thereof, as applicable, or (iii) any acquirers of any beneficial or other interest in the loan, any mortgage/title insurer, guarantor, any servicers or service providers for the forgoing parties and any of aforementioned parties’ respective successors and assigns.

Dated effective this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

BORROWER NAME

---

INDIVIDUAL NAME, TITLE

Date

## STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Minnesota	[Renewal Pending]
North Dakota	[Renewal Pending]
South Dakota	[Renewal Pending]
Wisconsin	April 21, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

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 Tumble Fresh Franchising, LLC 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.

If Tumble Fresh Franchising, LLC 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, D.C. 20580 and the appropriate state agency identified in Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Address	Phone
<input type="checkbox"/> Stephen Linn	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Paul Edwards	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Kenneth Rohlf	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> William Wallace	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amanda Knuuttila	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Sara Lehmann	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Bill Stransky	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amy Dumonceaux	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Blake Martin	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Jeffrey Linn	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/>		

**Issuance Date:** April 21, 2023

I received a disclosure document with an issuance date of April 21, 2023, that included the following Exhibits:

- |  |   |
|--|---|
| A. State Administrators and Agents for Service of Process        | G. Brand Standards Manual Table of Contents   |
| B. Franchise Agreement (with Guaranty and Non-Compete Agreement) | H. Current and Former Franchisees             |
| C. Multi-Unit Development Agreement                              | I. State Addenda to Disclosure Document       |
| D. Rider to Lease Agreement                                      | J. State Addenda to Agreements                |
| E. Form of General Release                                       | K. Electronic Transfer of Funds Authorization |
| F. Financial Statements  | L. Alerus Loan Documents                      |

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Tumble Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295. This copy of the Receipt is for your records.

Signature: \_\_\_\_\_ Date Disclosure Document Received: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Receipt Signed: \_\_\_\_\_

**Keep This Copy For Your Records**



## RECEIPT

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 Tumble Fresh Franchising, LLC 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.

If Tumble Fresh Franchising, LLC 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, D.C. 20580 and the appropriate state agency identified in Exhibit A.

The franchisor is Tumble Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 245, Woodbury, MN, 55125. Its telephone number is 651-731-0515

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Address	Phone
<input type="checkbox"/> Stephen Linn	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Paul Edwards	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Kenneth Rohlf	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> William Wallace	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amanda Knuuttila	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Sara Lehmann	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Bill Stransky	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amy Dumonceaux	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Blake Martin	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Jeffrey Linn	7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/>		

**Issuance Date:** April 21, 2023

I have received a disclosure document with an issuance date of April 21, 2023, that included the following Exhibits:

- |  |   |
|--|---|
| A. State Administrators and Agents for Service of Process        | G. Brand Standards Manual Table of Contents   |
| B. Franchise Agreement (with Guaranty and Non-Compete Agreement) | H. Current and Former Franchisees             |
| C. Multi-Unit Development Agreement                              | I. State Addenda to Disclosure Document       |
| D. Rider to Lease Agreement                                      | J. State Addenda to Agreements                |
| E. Form of General Release                                       | K. Electronic Transfer of Funds Authorization |
| F. Financial Statements  | L. Alerus Loan Documents                      |

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Tumble Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 245, Woodbury, MN 55125-2295. This copy of the Receipt is for our records.

Signature: \_\_\_\_\_ Date Disclosure Document Received: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Receipt Signed: \_\_\_\_\_

**Return This Copy To Tumble Fresh Franchising, LLC**

4867-6321-1336, v. 4