FRANCHISE DISCLOSURE DOCUMENT

	Be Happy Pie Company Franchising, LLC, an Indiana limited liability company **2818 Mount Vernon Avenue** **Suite B** **Evansville, Indiana 47712** **Telephone: 812-781-1445** **Website: www.behappypiecompany.com**

This disclosure document ("Disclosure Document") is for the right to own and operate a franchise ("Unit Franchise") in which you will be responsible for operating a bakery offering menu items made from scratch including but not limited to pies, cookies, scones, sweet rolls, coffee cake, and brownies at a specific location under the trademark "Be Happy Pie Company" and logo and under such other trademarks we authorize (collectively, the "Marks"). Each Unit Franchise will report to and receive support directly or indirectly from our corporate headquarters.

The total investment necessary to begin operation of a Be Happy Pie Company franchise is $338,000 - $468,500. This includes the initial franchise fee of $35,000 that must be paid to us.

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 fourteen (14) calendar days before you can sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jennifer Lamble at 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712 or by telephone at 812-781-1445, or by email at jlamble@behappypiecompany.com.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 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: June 30, 2026

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
How much can I earn?	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 Exhibits C and D.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Be Happy Pie Company. business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What is it like to be a Be Happy Pie Company franchisee?	Item 20 or Exhibits C and D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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, which 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. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider about *This* Franchise

Certain states require the following risks 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 Indiana. 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 Indiana than in your own state.

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

3. **Short Operating History.** This 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 with a longer operating history.

DISCLOSURE APPLICABLE TO FRANCHISEES COVERED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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 protections 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 subfranchisor.
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 MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE MICHIGAN ATTORNEY GENERAL.

Any questions regarding the notice should be directed to the State of Michigan Department of Attorney General, Franchise Section – Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909 or by telephone at 517-373-1140

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES APPEAR IN **EXHIBIT H**.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Be Happy Pie Company Franchising, LLC, an Indiana limited liability company, is offering prospective franchisees the opportunity to own and operate a Unit Franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms "we", "our", "us", or "Franchisor" refer to Be Happy Pie Company Franchising, LLC, the franchisor (but not the Franchisor's members, managers, agents, or employees). The term "Unit Franchise", "Franchised Business" or "Unit Franchises" mean one or several single-unit franchises. "You" or "Franchisee" refers to the buyer of the franchise and includes individuals, corporations, partnerships, limited liability companies or other legal entities and the officers, directors, managers, or members.

Franchisor

Be Happy Pie Company Franchising, LLC is an Indiana limited liability company that was formed on July 9, 2024 to offer Be Happy Pie Company franchises. Our principal business address is 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712. We conduct business under our corporate name and the name "Be Happy Pie Company."

We do not operate a business of the type being franchised. We are not involved in any other business activities. We have not conducted business in any other line of business, nor have we offered franchises in any other line of business.

Parents, Predecessors, and Affiliates

We do not have any parent companies or predecessors. However, we have three affiliates.

BHPC, LLC was formed in Indiana on June 29, 2023 and has a principal business address of 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712. BHPC, LLC purchased the rights to the business being franchised from Be Happy Pie Company, LLC and operates 2 businesses of the type being franchised in Evansville, Indiana. Be Happy Pie Company, LLC founded the business being franchised in October 2015 and operated 1 location in Evansville, Indiana before the business was sold to BHPC, LLC. Be Happy Pie Company, LLC did not and does not offer franchises in this or any other line of business.

Revery Consulting, LLC ("Revery Consulting") was formed in Indiana on June 26, 2024 and has a principal business address of8 West Jennings Street, Newburgh, Indiana 47630. Revery Consulting provides consulting services and is wholly owned by our owner, Brandy Jared.

Robinson Ventures, LLC ("Robinson Ventures") was formed in Indiana on January 23, 2025 and has a principal business address of 8 West Jennings Street, Newburgh, Indiana 47630. Robinson Ventures is in the commercial real estate business and is wholly owned by our owner, Brandy Jared.

Our affiliates do not currently offer and has not previously offered franchises in this or any other line of business.

Agent for Service of Process

Our agents for service of process are listed on **Exhibit H** of this Disclosure Document.

The Business We Offer

We offer Unit Franchises to qualified individuals to establish and operate a Be Happy Pie Company franchise, which is a bakery offering menu items made from scratch including but not limited to pies, cookies, scones, sweet rolls, coffee cake, and brownies. If, at the time you execute your franchise agreement, a location for your Unit Franchise is not identified, we will determine a specific geographic area (the "Site Selection Territory") in which you may identify a location for your Unit Franchise. Our current form of Franchise Agreement is attached as **Exhibit B** to this disclosure document.

A typical Unit Franchise occupies approximately 1,800 to 2,500 square feet of space that may be either owned or leased from a third party. All Unit Franchises are constructed to our specifications as to size, layout, décor and the like.

Unit Franchises are typically located in a metropolitan area or surrounding suburbs, and proximity to high traffic areas is desirable. A Unit Franchise may be located either in a freestanding building or in a retail center, and must be in a location that has ample parking, good visibility and availability of prominent signage.

Unit Franchises operate under Marks (described in Item 13) and under distinctive business formats, including prescribed exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; customer service standards and procedures; advertising and promotional specifications and requirements; and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a Unit Franchise, all of which we may improve, further develop or otherwise modify from time to time (the "System").

You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and our confidential operations manuals (the "Operation Manuals") that will be loaned to you at the time of training. Your Unit Franchise must at all times be compliant with our current proprietary standards as set forth in our Operation Manuals (the "System Standards").

Market and Competition

The market for bakeries and quick service restaurants offering primarily baked goods is well developed and highly competitive. You may face competition from other bakeries or restaurants, including other franchised operations, national chains and independently owned companies offering similar products. Changes in local and national economic conditions, pricing policies of competitors, changes to laws or regulations, changes in supply and demand, and population density affect this industry and are generally difficult to predict. Your ability to compete in this market will be largely and significantly dependent upon your management, your involvement with the franchised business, general economic conditions, geographic area and specific location(s).

Applicable Regulations

The regulations vary from state to state and locality to locality. Most states and localities have specific laws and regulations covering businesses that offer restaurant or food services, including but not limited to ServSafe certification. These laws and regulations may impact your Unit Franchise. There may be other laws, rules, or regulations that affect your Unit Franchise, including the Americans with Disability Act, the Occupational Safety and Health Administration (OSHA) regulations, and employment laws, including federal and state discrimination laws, minimum wage and other laws and regulations that apply to businesses generally. Accordingly, you must investigate and comply with all applicable laws and regulations. It is your sole responsibility to thoroughly investigate the applicable business and licensing rules and regulations of your particular state, city, jurisdiction and location despite any advice or information that we provide to you. Before signing the franchise agreement, you should consult with an attorney concerning these and other laws, regulations, ordinances, licenses or permits that may affect the franchised business.

ITEM 2
BUSINESS EXPERIENCE

Brandalyn Jared – Owner

Brandalyn ("Brandy") Jared is the owner of Be Happy Pie Company Franchising, LLC and BHPC, LLC since both entities were formed on July 9, 2024 and June 29, 2023, respectively. From 2020 to January 2024, Brandy served as the Chief Operating Officer of Hutson, Inc. in Evansville, Indiana.

In addition to owning and operating Be Happy Pie Company Franchising, LLC and BHPC, LLC, Brandy also owns and operates Revery Consulting, LLC which she founded on June 26, 2024 and Robinson Ventures, LLC which she founded on January 23, 2025.

Jenny Lamble – General Manager

Jenny Lamble serves as our and our affiliate's General Manager since both entities were formed on July 9, 2024 and June 29, 2023. Jenny oversees the development of all processes and procedures of the franchise and provides training to franchisees.

Prior to serving as our General Manager, Jenny owned and operated Be Happy Pie Company, LLC with her husband, Rick, since October 2015 until the business was sold to BHPC, LLC.

Rick Lamble – Director of Franchisee Development

Rick Lamble serves as our Director of Franchisee Development since the entity was formed on July 9, 2024. Rick oversees the development of our franchisees and provides training to franchisees. Prior to serving as our Director of Franchisee Development, Rick owned and operated Be Happy Pie Company, LLC with his wife, Jenny, since October 2015 until the business was sold to BHPC, LLC.

In addition to working for Be Happy Pie Company Franchising, LLC, Rick owns and operates Lamble and Company, LLC, which provides landscape design, conceptional architectural design service, consultation and product design services. Lamble and Company, LLC was formed on June 22, 2021. Rick also works at Atelier Vals in Sales and Operations and has served in this position since 2021.

Emily Lamble – Director of Operations

Emily Lamble serves as our Director of Operations and has served in this role since the entity was formed on July 9, 2024. Emily worked at Be Happy Pie Company, LLC from August 2021 until the business was sold to BHPC, LLC. Emily oversees the marketing and daily operations of the company owned locations.

Prior to serving as our Director of Operations, Emily worked as a student assistant for the University of Southern Indiana from August 2019 to December 2021 and interned at the Teachers Retirement System of Illinois for the summer in 2021.

Ashleigh Culiver – Social Media Manager

Ashleigh Culiver serves as our Social Media Manager and has served in this role since February 2025. Ashleigh oversees the social media of the company owned locations and provides social media support to franchisees.

Prior to serving as our Social Media Manager, Ashleigh worked as a Social Media Manager / Designer for Happy Hooves CA from 2020 to February 2025.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

You must pay us an initial, non-refundable franchise fee of $35,000 when you sign your franchise agreement ("Initial Franchise Fee").

ITEM 6
OTHER FEES

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty Fee (See Note 2)	5% of monthly Gross Sales	Due monthly on the 10th day of the month	The Royalty Fee shall be paid directly to us by automatic debit from your business checking account.
National Marketing Fund (See Note 3)	1% of monthly Gross Sales	Due monthly on the 10th day of the month	We reserve the right to increase the Marketing Fund Fee at any time in our sole discretion upon 30 days prior notice to you.
Local Advertising (See Note 3)	2% of monthly Gross Sales	As incurred	You may create and use your own marketing and advertising materials to advertise the Franchised Business however; such marketing and advertising materials must be pre-approved in writing by us before they are used. We may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time in our sole discretion.
Relocation Fee	$2,000	Prior to relocating, subject to approval by us	The Relocation Fee is used to defray our expenses in reviewing a request for approval of a new location and reviewing the documents related to the proposed location.

Transfer Fee	$15,000	Prior to effectuating the transfer, subject to approval by us	The Transfer Fee is used to defray our expenses in reviewing a request for approval of a prospective transferee, reviewing the documents related to the transfer, and training and supervising the new franchisee.
Renewal Fee	50% of the then-current Initial Franchise Fee, including any available discounts.	At the time of renewal	Payable to us upon your execution of a successor franchise agreement for the continued operation of your Franchised Business.
Additional Training Fee	$250 per hour, plus meals, lodging, incidental expenses, and travel expenses; provided, however, that you will pay a flat fee of $4,000 per day, plus meals, lodging, incidental expenses, and travel expenses for additional training provided at your Unit Franchise	Payable within 10 days of receipt of invoice	The cost of initial training for up to 2 people is included in the Initial Franchise Fee. However, we may require you, or you may request to attend additional training programs at locations designated by us or at your location, which may be required for you or your employees for which the Additional Training Fee will apply.
Management Fee	25% of monthly Gross Sales, plus expenses for travel, lodging, meals, and all other expenses	As incurred	Payable during the period that our appointed manager manages your Unit Franchise upon your death or disability, or in the event we have to exercise our step-in rights due to your default of the franchise agreement.

Annual Convention Fee (See Note 4)	Varies per year based on location	At the time you register for the convention	We may hold annual conventions and require that you and your general manager attend. In the event you and your general manager are required to attend our annual convention, you must pay the annual convention fee, plus transportation costs, meals, lodging, and other incidental expenses incurred by you and your employees attending the convention.
Technology Fee	1% of monthly Gross Sales	Monthly	The Technology Fee shall be paid directly to us by automatic debit from your business checking account.
Audit Costs (See Note 4)	Our cost for an audit of your books and records	Payable within 10 days of receipt of invoice	Payable only if the audit reveals that you understated any amount in any report to us by more than 3%.
Late Fee	10% of the overdue amount per month for each month the payment is overdue	Payable upon receipt of invoice	Payable if any fee or any other amount due to us under the franchise agreement is not received by us within 5 days after such payment is due.

Interest	The lesser of 10% per annum, or the highest rate then permitted by applicable law	Payable upon receipt of invoice	Interest begins if any fee or any other amount due to us under the franchise agreement is not received within 5 days after such payment is due. Interest also applies to any understated amount in any report to us revealed by an audit.
Indemnification	Varies under circumstances	As incurred	You must reimburse us for, and pay for our counsel to defend us against claims caused by or related to your operation of your Unit Franchise.
Costs and Attorney's Fees	Varies under circumstances	As incurred	Payable as provided in the franchise agreement, including but not limited to our costs and attorney's fees if we are successful in bringing an action against you arising out of, or related to the franchise agreement, including, but not limited to, an action to collect amounts owed to us.
Liquidated Damages	Lump sum equal to the average Royalty Fees and Marketing Fund Fee paid to us for the immediately preceding 12 month period from the date of termination, multiplied by the lesser of 36 months or the number of months remaining on the term of the franchise agreement	As incurred	Payable to us upon wrongful termination of the franchise agreement by you, or termination by us as a result of your default of the franchise agreement.

NOTES:

Note 1. Type of Fee.

All amounts are uniformly imposed by and are payable to us unless otherwise noted. All fees are nonrefundable.

The term "Gross Sales" means the total revenues derived by the Unit Franchise from all sales of the Unit Franchise, whether from cash, check, credit, barter, or otherwise, without reserve or deduction for inability or failure to collect the same and whether such business is conducted in compliance with, or in violation of, the terms of the franchise agreement.

Before your Unit Franchise opens, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty Fee, Marketing Fund Fee and any other amounts due to us under the franchise agreement and for your purchases from us. The Authorization Agreement for Pre-Approved Payments (ACH Debits) is attached as an exhibit to the franchise agreement.

Note 2. Royalty Fee.

During the term of the franchise agreement, you must provide us with a monthly report of the Gross Sales for your Unit Franchise. The report shall be in the form specified by us and shall fully disclose all information requested. You also must supply documentation supporting the information disclosed on the reports upon our written request.

Note 3. National Marketing Fund; Local Advertising.

The Marketing Fund Fee will be deposited into a fund maintained and operated by us (see Item 11). Corporate owned locations may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as franchisees.

You are required to spend an amount equal to 2% of the monthly Gross Sales of the Franchised Business on local advertising to promote the Franchise Business. When promoting the Franchised Business through local advertising, you may create and use your own marketing and advertising materials to advertise the Franchised Business, however, such marketing and advertising materials must be pre-approved in writing by us before they are used. We may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time in our sole discretion.

Note 4. Audit Costs.

We reserve the right to examine and audit your books, records, tax returns, accounts, and such other statistical and other information or records we require you to maintain and preserve. An examination or audit will be at our expense, unless it is discovered during the audit that you understated your Gross Sales by more than 3%, in which case you will be required to reimburse us for the cost and expense of such examination or audit including reasonably accounting and attorney's fees, plus the amount of the understatement and the applicable late fees and interest. All these amounts due are payable within 10 days of receipt of an invoice from us.

We assume costs vary depending on factors, including prevailing auditor's rates in your area and how well you keep your books and records. You should be able to investigate these costs by contacting auditors in your area.

In the event you understate your Net Sales by more than 3%, then it will constitute a material and incurable breach of the franchise agreement which will entitle us to terminate the franchise agreement upon notice to you.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (See Note 1)	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (See Note 2)	$35,000	Lump sum	Upon execution of the franchise agreement	Us
Opening Inventory – Food, Branded Décor, Uniforms, Branded Merchandise (See Note 3)	$40,000 - $60,000	As incurred	Before beginning operations	Approved Suppliers
Lease, Utilities, and Security Deposits (See Note 4)	$2,500 - $5,000, per month, but varies by location	As incurred	Before beginning operations	Landlord
Build-out of Approved Location (including architectural and design fees) (See Note 4)	$100,000 - $150,000	As incurred	Before beginning operations	Approved Suppliers
Furniture and Fixtures (See Note 5)	$15,000 - $20,000	As required	At least 2 weeks before beginning operations	Approved Suppliers
Equipment (See Note 5)	$65,000 - $85,000	As incurred	At least 2 weeks before beginning operations	Approved Suppliers
Signage (See Note 6)	$10,000 - $15,000	As incurred	At least 2 weeks before beginning operations	Approved Suppliers

Grand Opening Advertising and Marketing (See Note 7)	$2,500	As incurred	Upon execution of the franchise agreement	Us or Approved Suppliers
Initial Training (See Note 8)	$5,000 - $10,000	As incurred	As incurred	Third Parties
Initial Legal and Accounting Fees Related to Startup Assistance (See Note 9)	$2,000 - $4,000	As incurred	As arranged	Third Parties
Computer System and Required Hardware and Operating System (See Note 10)	$5,000 - $7,000	As incurred	Before beginning operations	Approved Suppliers
Insurance (annual estimate) (See Note 11)	$1,000 - $5,000	As incurred	Before beginning operations	Insurance Company
Additional Funds / Working Capital (See Note 12)	$60,000 - $75,000	As incurred	As incurred	Third Parties
TOTAL INITIAL INVESTMENT FOR UNIT FRANCHISE	**$338,000 - $468,500**			

Note 1. Description of Expense.

All fees and expenditures represented in the above table that are paid to us are non-refundable. Unless specifically agreed to by third-party suppliers to whom you may payments, all fees and expenditures paid to third parties, including suppliers, advertisers, various professionals, and governmental licensing agencies are non-refundable. We do not offer direct or indirect financing for any part of the Estimated Initial Investment. These estimated ranges are based on our affiliate's experience in owning and operating a company-owned location. You should review these figures carefully with a business advisor as part of your due diligence before deciding to purchase a Franchised Business.

In compiling this Item 7, we relied on our affiliates' industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the capabilities of your management team, where your Unit Franchise is located and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

Note 2. Initial Franchise Fee.

The Initial Franchise Fee is due to us when you sign the franchise agreement and is non-refundable.

Note 3. Opening Inventory – Food, Branded Décor, Uniforms, and Branded Merchandise

You are required to purchase an opening inventory of food, branded décor, uniforms and branded merchandise from us or an approved supplier. The lists of required food items, uniforms and branded merchandise are contained in our Operations Manual, which will be loaned to you at the time of training.

Note 4. Lease, Utilities, and Security Deposits; Build – Out of Approved Location.

You are required to have a brick and mortar location in your Territory that meets our criteria in order to operate the Unit Franchise. You may either own or lease the building, subject to our approval. The building must be properly zoned, and the Unit Franchise must legally be permitted to operate on the premises. The ideal size for the Unit Franchise is approximately 1,800 to 2,500 square feet.

The estimate in the table assumes your location will be a leased, unimproved, unfinished space and includes estimate of expenses in connection with paying contractors, architects, and engineers to build-out the Approved Location (defined below). Construction and remodeling costs vary widely and depend on the size and location of your Unit Franchise, the type of improvements desired or required, the amount of usable improvements already in place at the location, the design, configuration and condition of the location, and the condition and configuration of existing services and facilities such as air conditioning, electrical and plumbing. This cost will also vary depending on the amount (if any) of construction work and/or dollars you negotiate with your landlord. In a build-to-suit lease, the landlord may include some or all of the improvements, fixtures, equipment, and signs which may be factored into your lease payments.

If you purchase the land and build, your estimated cost for the construction will vary depending upon the geographic location, size of the building, and other economic factors. If you build, you will likely not have to factor monthly rent into your estimated initial investment; however, you will have to factor in additional costs for financing and construction of the building, as well as any other associated costs.

Regardless of whether you own or lease the building for your Unit Franchise, you must construct or renovate, as the case may be, the premises (hereinafter referred to as "the Approved Location") in accordance with our standards and specifications outlined in the Operations Manuals or otherwise designated in writing by us. Prior to commencing such construction, renovation, or refurbishment, you must obtain all the necessary permits and certifications as may be required by law, ordinance, or regulation. In the event you need the services of a professional architect, we must approve the architect and the designs before commencing construction, renovation, or refurbishment.

If you elect or are required by us or the franchise agreement to perform construction work or significant renovations or refurbishment of the Approved Location during the term of the franchise agreement which affects the design, character, or appearance of it, you must obtain our prior approval. We reserve the right to require you to renovate the Unit Franchise and such renovations may require you to invest additional capital.

Note 5. Furniture and Fixtures; Equipment.

You must purchase and/or lease and install furniture, fixtures, and equipment necessary to operate your franchised business from approved suppliers which may be limited to us or an affiliate in our sole discretion. The equipment you are required to purchase and/or lease will be listed in the Operations Manual. The cost of the equipment will vary according to local market conditions, the size of the order, the supplier used, whether the supplier permits you to lease the item, and other related factors.

Note 6. Signage.

You are required to purchase a backlit exterior sign that is approved by us. The sign must also comply with local signage locations and any requirements contained in your lease.

Note 7. Grand Opening Marketing and Advertising.

We will conduct a grand opening marketing and advertising campaign for your Unit Franchise beginning at least 1 month before beginning operations and continuing for at least 1 month after opening.

You are required to pay us the minimum amount listed above, but you may spend more on your own if you choose to do so. The factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the Unit Franchise, and customer demographics in the surrounding area.

Note 8. Initial Training.

We do not charge a fee for 2 individuals (you and your general manager) attending our Initial Training Program (as defined in Item 11). You must, however, pay all expenses, including salaries, fringe benefits, payroll taxes, unemployment compensation, worker's compensation insurance, meals, lodging, incidental expenses, and travel expenses for your attendees. The estimate above includes only the expenses associated with 2 individuals attending Initial Training.

Note 9. Legal and Accounting Fees Related to Startup Assistance.

We strongly recommend you employ an attorney, an accountant and other consultants to assist you in establishing your Unit Franchise. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants.

Note 10. Computer System and Required Hardware and Operating System.

You must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet our standards and specifications outlined in the Operations Manual or otherwise designated by us in writing. You must also use the designated point-of-sale software in the operation of the Unit Franchise and update it as required by us from time to time.

Note 11. Insurance.

The estimate provided in the table is an estimated down payment against your annual premiums to acquire the insurance listed in the franchise agreement. We may, periodically, specify and change the types and amounts of coverage. You must provide us with a copy of each insurance policy. Each insurance policy must name us, our affiliates and our respective officers and owners as additional named insured and must require 30 days written notice to us before being modified, cancelled, or terminated and 30 days prior written notice to us before the policy expires. A company with an A.M. Best Standards rating of A or higher must underwrite all insurance policies.

Note 12. Additional Funds / Working Capital

Working capital is an estimate of the funds needed to cover the operational expenses incurred during the first 3 months of operation. This estimate is exclusive of all costs listed elsewhere in this Item 7. We have relied on data from our affiliate operating the corporate-owned locations to compile this estimate. New businesses often generate a negative cash flow. We estimate that the amount given should be sufficient to cover ongoing expenses for the first 3 months of the business. This is only an estimate and we cannot guarantee that the upper range amount is sufficient or that you will not have additional expenses starting your business. The actual amount of funds required and the times at which funds are required depends on many factors including, how closely you follow our methods and procedures, the prevailing wage rate, the rate of growth of your Unit Franchise, your management skill, economic conditions and competition in your area and the sales levels reached during these 3 months of operations. We cannot estimate or promise how much additional funds any particular franchisee requires, nor can we estimate when or for how long additional funds will be needed for your business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must develop and operate the Unit Franchise according to our standards and specifications, as we may establish from time to time in our Operations Manual or otherwise by written communication from us, subject to any laws, rules, and regulations governing the goods and services provided by the Unit Franchise.

We require, among other things, that you purchase certain types, models, and brands of required fixtures, furnishings, equipment, signs, products, supplies, and other items used in the operation of your Unit Franchise. To maintain quality and consistency, we require that you purchase the required items from designated suppliers approved by us, which may include and be limited to us or our affiliates. You also must purchase from us or from our approved supplier branded merchandise, uniforms, advertising and other promotional materials, business cards, packaging, and gift cards. All products and items must conform to those standards and specifications we may periodically establish and as provided in the Operations Manual.

Approved suppliers are those we select who demonstrate to us their ability to meet our minimum standards for quality, price, reliability and such other factors as we determine from time to time. Requirements and specifications for products and other items and lists of approved suppliers are listed in our Operations Manual. We may periodically issue new standards and specifications through written notices and we may revise our requirements and specifications, add or delete approved suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers.

Our standards and specifications are based on our affiliate's experience in operating a business of the type we are franchising and through use in our affiliate's business. We communicate our standards and specifications to you during training and periodic visits to your Unit Franchise, and through the Operations Manual.

You must obtain our written approval before making any changes in the appearance of your Unit Franchise and before modifications to or replacements of decorating materials, fixtures, equipment, products, furniture, signs or other items.

Our owner does not own an interest in an approved supplier, but retains the right to do so in the future.

We are the only approved supplier of branded merchandise and uniforms that you must purchase.

We estimate that the items you are required to purchase will represent approximately 40% to 50% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you are required to purchase will represent approximately 20% to 30% of your total expenses.

<u>Request for Approval of New Item or Supplier</u>

If you desire to purchase any item not authorized by us or to purchase items from a supplier not expressly approved by us in writing, you may request to obtain approval by submitting all information we may request about the item or supplier to Jenny Lamble. Approval of an item or supplier may be conditioned, among other things, on requirements for product quality, price, cost, frequency of delivery, standards of service, brand recognition and concentration of purchases. Approval is made on a case-by-case basis, and determined by us, in our sole discretion, and we will make commercially reasonable efforts to decide within thirty (30) days after receiving all the required information whether your request is approved. If approval is not received within thirty (30) days after receiving all the required information, the request will be deemed to have been denied.

We may revoke our approval of an item or supplier at any time in our sole discretion. At this time, we do not charge a fee for reviewing alternative items or suppliers but we reserve the right to do so in the future.

We may derive revenue as result of your and other franchisees purchasing the required products, supplies, equipment, products, and other items from us, our affiliate, or approved suppliers. As of the end of our last fiscal year, neither we nor our affiliate derived any revenue from franchisees' required purchases.

Computer and Software Requirements

You must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet our standards and specifications outlined in the Operations Manuals or otherwise designated by us in writing.

You are required to use the designated point-of-sale software for use in the operation of the Unit Franchise and update such software as required by us or the approved supplier from time to time.

We reserve the right, without limitation, to modify or supplement the hardware or software required in the operation of the Unit Franchise and you may be required to make and install substantial modifications to the computer system, software, or hardware during the initial term of the franchise agreement or any successor terms to efficiently operate the franchised business.

Insurance

Each Unit Business is required to obtain and maintain in full force and effect all insurance policies we deem necessary to operate the Unit Franchise and in such coverages, limits and amounts as may be required from time to time by us including, but not limited to:

- General liability insurance with a minimum limit of $1 million per occurrence (combined single limit for bodily injury and property damage) and $2,000,000 in the aggregate;

- Workers' compensation insurance with a minimum limit of the greater of $1,000,000 or the minimum limit your state law requires;

- Employer practices and liability insurance with a minimum limit of $1,000,000; and

- Any other insurance required by the state or locality in which the Unit Franchise is located or required by your landlord.

We may change the insurance policies and amounts of coverage at any time in our discretion with written notice to you.

Purchasing or Distribution Cooperatives

We do not currently have any purchasing or distribution cooperatives. We may attempt to negotiate discounted prices and favorable terms from suppliers for your benefit. If we negotiate these programs, you may be required to participate in the programs.

Material Benefits

Except as described in this Item 8, you do not receive any material benefit from us based upon your use of the approved suppliers. However, we consider a variety of factors when determining whether to grant successor franchises or additional franchises, including compliance with the requirements described in Item 8.

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.

OBLIGATION	SECTION IN AGREEMENT	ITEMS IN DISCLOSURE DOCUMENT
(a) Site selection and acquisition/lease	Section 5	Item 11
(b) Pre-opening purchases/leases	Sections 7, 11, 12, 15, and 17	Items 6, 7 and 8
(c)Site development and other pre-opening requirements	Sections 5, 7, 9, 11, 12, 13, 15, and 17	Item 11
(d) Initial and ongoing training	Section 9	Items 5, 6, 7 and 11
(e) Opening	Sections 7, 8, and 13	Items 5, 7 and 11
(f) Fees	Sections 3, 4, 12, 14, and 15	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Sections 7, 10, 11, 12, and 16	Items 8, 11 and 14
(h) Trademarks and proprietary information	Sections 10 and 16	Items 13 and 14
(i) Restrictions on products/services offered	Sections 7, 10, and 11	Items 8 and 16

(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Sections 5 and 6	Item 12
(l) Ongoing product/service purchases	Section 11	Item 8
(m) Maintenance and appearance requirements	Section 7	Item 11
(n) Insurance	Section 17	Item 7
(o) Advertising/Marketing	Section 15	Items 6, 7 and 11
(p) Indemnification	Section 18	None
(q) Owner's participation/management/ Staffing	Section 9	Item 15
(r) Records/reports	Sections 14, 15, and 19	Item 6
(s) Inspections/audits	Sections 13 and 19	Item 11
(t) Transfer	Section 22	Item 17
(u) Renewal	Section 3	Item 17
(v) Post-termination obligations	Sections 21 and 23	Item 17
(w) Non-competition covenants	Section 23	Item 17
(x) Dispute resolution	Section 25	Item 17

(y) Guarantee of franchisee obligations (See Note 1)	Exhibit A to Franchise Agreement	Item 15

Note 1. Guarantee of Franchisee Obligations.

The shareholders, partners, members or beneficial owners of the equity interests of a corporate, partnership, limited liability company or other entity franchisee, and the spouses of any of them, if any, are obligated to guarantee all of the obligations of franchisee under the franchise agreement. Each of these persons will be required to sign a Principal Owner's Guaranty in the form attached to the franchise agreement.

ITEM 10
FINANCING

We do not offer direct or indirect financing for any amount due under the franchise agreement. We do not guarantee your notes, leases or obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Assistance

Before you open your Unit Franchise, we will perform the following services:

A. Territory (Sections 5 and 6 of the Franchise Agreement).

If, at the time you execute your franchise agreement, a location for your Unit Franchise is not identified, we will determine the Site Selection Territory in which you may identify a location for your Unit Franchise. Once your Approved Location is identified, we will designate your Territory as described below in Item 12.

The typical time between signing the Franchise Agreement and opening the franchised business is approximately 6 to 9 months. The factors that affect opening time include, but are not limited to, completing the training program, ordering and receiving inventory and equipment, hiring and training personnel, and obtaining financing. You must open your franchised business and be operational within 360 days after signing the franchise agreement or 270 days after signing a lease or purchase agreement for the Approved Location, whichever is less, unless otherwise authorized in writing by us.

If you are delayed from opening your Unit Franchise by the opening deadline in your franchise agreement, you must provide us with a written request to extend the deadline, which we may grant or deny in our sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay if you have been diligently pursuing the opening.

Unless we agree to extend the opening deadline, if you do not open your Unit Franchise by the deadline, you will be considered in default of your franchise agreement and we have the right to terminate your franchise.

B. Approval of the Approved Location (Section 5 of the Franchise Agreement).

You are required to have a brick and mortar location within your Territory in order to operate the Unit Franchise and you may either own or lease the building, subject to our approval. We must approve the location and purchase agreement or lease before you sign the documents. The location must meet our criteria for demographic characteristics, parking, character of neighborhood, competition from and proximity to other businesses and other Be Happy Pie Company franchises, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site. The ideal size for the franchised business is approximately 1,800 to 2,500 square feet.

Typically, we do not own the Approved Locations that are leased by franchisees. The lease for the Approved Location must include the form of Addendum to Lease, attached as an exhibit to the franchise agreement. Before executing a lease, you must submit it to us for our approval.

We will make commercially reasonable efforts to approve or disapprove a location you propose within 15 days after we receive the complete report of the site and other materials we request. If we cannot agree on a location within 90 days after the effective date of the franchise agreement, we may terminate the franchise agreement.

C. Approved Suppliers (Section 11 of the Franchise Agreement).

You must purchase products, supplies, equipment, products, merchandise, and other items required for the operation of the Unit Franchise from designated suppliers approved by us, which may include and be limited to us or our affiliate. To maintain quality and consistency, you must only purchase the required products, supplies, equipment, products, merchandise, and other items solely from approved suppliers. The list of approved suppliers is contained in our Operations Manuals, which we will loan to you at the time you attend training.

Other than providing you with the Approved Supplier List, we do not provide direct assistance in obtaining equipment, signs, fixtures, opening inventory, or supplies, nor do we install such items.

D. Pre-Opening Inspection (Section 13 of the Franchise Agreement).

We will conduct one (1) pre-opening inspection of the Unit Franchise to ensure you are following our standards and specifications. The Unit Franchise may not open for business without written authorization from us after the pre-opening inspection has been completed and you have successfully demonstrated that you are complying with our standards and specifications. Our authorization for opening of the Unit Franchise is limited solely to reviewing and confirming compliance with our standards and specifications and does not warrant, represent, guarantee, or assure that your Franchised Business will be successful, profitable, or meet your expectations.

E. Training (Section 9 of the Franchise Agreement).

No later than 30 days before your Unit Franchise opens for business, you and your general manager must attend our initial training program, which consists of on-the-job and classroom training at our headquarters in Evansville, Indiana (the "Initial Training Program"). The cost for the Initial Training Program for up to 2 people is included in the Initial Franchise Fee, but you must pay any wages or compensation owed to your employees attending the Initial Training Program, and all travel, meal and transportation expenses incurred by you and your general manager in attending the Initial Training Program. Additional employees may attend the Initial Training Program with prior approval from us. If more than 2 employees attend the Initial Training Program, then the Additional Training Fee provided in Item 6 will apply for each additional employee attending the Initial Training Program.

See Training Program below for more information.

F. Website and Social Media (Section 15 of the Franchise Agreement).

We will provide information about your franchise on our website and social media accounts for the franchise system. You may be required to provide us with information related to your franchise to be included on the website and social media accounts.

We may, but are not required to, create social media accounts for each franchised location.

You are restricted from establishing a presence on, or marketing on the Internet without our consent, including but not limited to social media sites.

G. Operations Manual (49 Pages) (Section 10 of the Franchise Agreement).

We will loan you a complete copy of our Operations Manual (the "Operations Manual") at the time you attend training. The Operations Manual contains mandatory and suggested specifications, standards, procedures, recipes, and your other obligations under the franchise agreement. We may modify the Operations Manual from time to time which may alter the number of pages in the Operations Manual, but the modification will not alter your status and rights under the franchise agreement. You are required to be in compliance with the most current version of our Operations Manual, as well as our most current policies and procedures.

The Approved Supplier List, which contains the approved suppliers that you are required to utilize in the operation of the Unit Franchise, is included in the Operations Manuals.

The Table of Contents of the Operations Manual is attached to this FDD as **Exhibit E**.

H. Grand Opening Advertising (Section 15 of the Franchise Agreement).

We will conduct your required grand opening advertising for you at your expense during the 1 month period before the opening of your Franchised Business and the 1 month period after the opening of your Franchised Business.

Post-Opening Assistance

During the operation of your Unit Franchise, we will perform the following services:

A. Development of New Products (Section 11 of the Franchise Agreement).

We periodically develop new products and further improve and develop the franchise system. You will be required to provide any new products for sale that we deem mandatory and you may incur additional cost associated with providing said products for sale. You may determine the price for the products, subject to the minimum or maximum prices established by us.

B. Additional Training (Section 9 of the Franchise Agreement).

We provide you and/or your employees with additional in-person training sessions as needed at our headquarters, the Franchised Business, or at another location designated by us. Currently, the charge for additional training is $250 per hour, plus meals, lodging, incidental expenses, and travel expenses that we incur in providing the additional training; provided, however, that you will pay a flat fee of $4,000 per day, plus meals, lodging, incidental expenses, and travel expenses for additional training provided at your Unit Franchise.

We will provide mandatory additional training if during the term of the franchise agreement you hire a new general manager who has not successfully completed our training program. The new general manager must attend and complete our training program within thirty (30) days of being hired and shall not manage or provide services on behalf of the Franchised Business until they have satisfactorily completed the training program. The cost for training a new general manager shall be $50 per hour, plus meals, lodging, incidental expenses, and travel expenses that we incur in training the new general manager, payable to use within 10 days of receiving an invoice.

C. Post-Opening Inspection (Section 13 of the Franchise Agreement).

We conduct both scheduled and unscheduled post-opening inspections of the Franchised Business to determine compliance with our standards and specifications including but not limited to food preparation, establishment cleanliness, and customer service. Inspections will be conducted during regular business hours.

We may, in our sole discretion, establish quality control programs, including food safety programs, "secret shopper" programs, interactive voice response customer satisfaction measurement programs and/or "customer intercept" programs, to ensure the highest quality of service and food products are being provided throughout the franchise system. You are required to participate in any such quality control programs and bear your pro-rata share, as determined by us in our sole discretion, of the costs of any such program.

D. Website and Social Media (Section 15 of the Franchise Agreement).

We will provide information about your franchise on our website and social media accounts for the franchise system. You may be required to provide us with information related to your franchise to be included on the website and social media accounts.

We may, but are not required to, create social media accounts for each franchised location.

You are restricted from establishing a presence on, or marketing on the Internet without our prior consent, including but not limited to social media sites.

E. General Business Guidance and Support (Section 9 of the Franchise Agreement).

We periodically advise you and offer general business guidance to you by telephone, e-mail, newsletters and other methods including but not limited to providing charts, checklists, and illustrative pictures. Our guidance is based on our affiliate's knowledge and experience. We may offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized services or products, marketing strategies, proper inventory levels and food ordering methods. Our advice related to the operation of the Franchised Business is for educational purposes and to ensure compliance with our standards and specifications. If you follow our advice, it does not warrant, represent, guarantee, or assure that your Franchised Business will be successful, profitable, or meet your expectations.

Advertising

A. Website and Social Media (Section 15 of the Franchise Agreement).

We will provide information about your franchise on our website and social media accounts for the franchise system. You may be required to provide us with information related to your franchise to be included on the website and social media accounts.

We may, but are not required to, create social media accounts for each franchised location.

We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, e-commerce, social media and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our Internet usage rules, policies and requirements. We retain the sole right to use the Proprietary Marks on, or sell products containing the Proprietary Marks over the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the website for the franchise system.

B. National Marketing Fund (Section 15 of the Franchise Agreement).

We have established a National Marketing Fund ("Marketing Fund") that you are required to contribute to monthly. You must contribute an amount equal to 1% of the monthly Gross Sales of the Franchised Business to the Marketing Fund. Your monthly contribution to the Marketing Fund must be received no later than the 10^{th} day of the following month. We may, in our sole discretion, decide to terminate or suspend the Marketing Fund at any time, or increase the amount of the required contribution upon written notice to you. Corporate locations owned by us and our affiliate may, but shall not be obligated to contribute to the Marketing Fund on the same basis as franchisees.

We have the exclusive right to direct all marketing programs financed by the Marketing Fund, including the right to control the creative concepts, materials, and endorsements. We have the right to determine the geographic market, media placement, and allocation of the Marketing Fund. We may, in our sole discretion, use the Marketing Fund to engage in advertising and promotional programs that benefit only one or several regions, and not necessarily all franchises in the system.

The Marketing Fund may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs, including purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firm to assist with marketing and advertising; and providing marketing materials to franchisees. You will be required to implement any nation-wide promotional campaigns, including but not limited to purchasing additional branded décor or marketing materials and honoring any promotional codes or discounts in connection with such campaign.

The Marketing Fund may also be used to meet any and all costs reasonably related and incident to administering the Marketing Fund and its related programs, including administrative costs. Under no circumstance will we use the Marketing Fund to solicit new franchisees.

The Marketing Fund will be accounted for separately from our other funds. However, the Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations to our franchisees with respect to the Marketing Fund or with the monies collected. We are permitted to spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year. Any part of the Marketing Fund contributions that were not spent during the fiscal year would remain in the Marketing Fund to be used in the next fiscal year. An accounting of the Marketing Fund will not be provided to franchisees.

C. Local Advertising (Section 15 of the Franchise Agreement).

You are required to spend an amount equal to 2% of the monthly Gross Sales of the Franchised Business on local advertising to promote the Franchise Business.

When promoting the Franchised Business through local advertising, you may create and use your own marketing and advertising materials to advertise the Franchised Business, however, such marketing and advertising materials must be pre-approved in writing by us before they are used. We may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time in our sole discretion.

D. Grand Opening Advertising (Section 15 of the Franchise Agreement).

We will conduct your required grand opening advertising for you at your expense during the 1 month period before the opening of your Franchised Business and the 1 month period after the opening of your Franchised Business.

You are required to pay us the minimum amount listed in Item 7 above to conduct your grand opening advertising, but you may spend more than that if you choose to do so. The factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the franchised business, time of year and customer demographics in the surrounding area.

E. Advertising Cooperatives and Advisory Council (Section 15 of the Franchise Agreement).

As of the issuance date of this disclosure document, there are no advertising cooperatives, but we reserve the right to require advertising cooperatives be established. In the event advertising cooperatives are established, such cooperatives must be operated in accordance with their respective bylaws, which must be approved by us.

As of the issuance date of this disclosure document, there is not a franchise advisory council. However, we reserve the right to establish one to advise and consult with us in connection with the establishment, modification, continuance, or other decisions or considerations affecting marketing programs. In the event we establish said council, we will have the exclusive right to determine their organizational structure and manner of operation.

Computer Requirements (Section 12 of the Franchise Agreement).

You must use the computer hardware and software (collectively, “Computer System”) that we periodically designate to operate your Unit Franchise. You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliate). You are responsible for all costs and monthly fees associated with any such software licenses or programs, including any updates. We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The franchise agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you, and other

Computer System-related maintenance and support services that we or our affiliate provides to you. If we or our affiliate licenses any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliate may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

As stated in Item 7, the estimated expense in purchasing or leasing the required Computer System will be between $5,000 and $7,000 payable in accordance with the terms of your acquisition.

You are required to use the designated point-of-sale software ("POS") for operating the Franchised Business. In order to use the POS, you must pay the approved supplier a fee as agreed to and arranged between you and the approved supplier. The fees for the point of sale software may be changed in the discretion of the vendor. You must subscribe to all POS features we deem mandatory which includes but is not limited to loyalty programs, online ordering, and third-party delivery integrations. Additionally, if we change or add any menu items, you will be responsible for entering changes into the POS.

We reserve the right, without limitation, to modify or supplement the Computer System required in the operation of the Franchised Business and you may be required to make and install substantial modifications to the computer system, software, or hardware during the initial term of the franchise agreement or any successor terms to efficiently operate the Franchised Business.

You must inform us of your username and password used to access the POS and notify us if the username or password changes during the term of the franchise agreement. We will have the free and unfettered right to retrieve such data and information stored on your hard drive, either internally or externally, as we deem necessary, desirable, or appropriate and there are no contractual rights that limit our ability to do so. The business information or data that will be collected or generated includes, but is not limited to, sales data, trend analysis, labor reports, menu reports, and other similar reports.

Training (Section 9 of the Franchise Agreement).

We provide you and your general manager with our Initial Training Program which covers material aspects of the operation of the Franchised Business. The topics covered are listed in the chart below. You and your general manager must complete the Initial Training Program to our satisfaction between the period of 1 month after signing the franchise agreement and 1 month prior to opening. We expect attendees to have their food safety certification before attending the Initial Training Program, and that attendees will advance through the Initial Training Program at different rates depending on a variety of factors, including background and experience. As such, the time frames provided in the chart are an estimate of the time it will take to complete training. The charge for the Initial Training Program for you and the general manager is included in the Initial Franchise Fee, but you must pay for all travel costs and living expenses incurred in attending the Initial Training Program.

At least 2 people must attend training, but you may request additional employees attend the Initial Training Program.

The Franchised Business must at all times be under the day-to-day supervision of someone who has completed our Initial Training Program to our satisfaction and who has their food safety certification.

If you hire a new general manager, the new general manager must attend our Initial Training Program and complete the program to our satisfaction within thirty (30) days of being hired. In addition to the additional training fee for training the new general manager (as listed in Item 7), you will be responsible for all travel, lodging, meals, and other expenses incurred by your general manager in attending the additional training.

You are solely responsible for recruiting, hiring, firing, training, and supervising employees to operate the Franchised Business and the terms and conditions of their employment. We may provide you with standardized interviewing and hiring information, but you are not obligated to use the information in making your hiring decisions. Any material or information related to hiring employees is for informational purposes only and the employees of the Franchised Business will only be your employees, and are not in any way our employees or agents.

The following table provides an overview of the current initial training program:

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Pie Press Machine	0	4	Company-owned location or Franchised Business
Dough Press Machine	0	4	Company-owned location or Franchised Business
Baking	4	24	Company-owned location or Franchised Business
Customer Services	2	10	Company-owned location or Franchised Business
Bakery Routine	0	4	Company-owned location or Franchised Business

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Fillings	4	16	Company-owned location or Franchised Business
Baking Best Practices/Health and Safety	4	4	Company-owned location or Franchised Business
Systems Training	2	0	Company-owned location or Franchised Business
Marketing and Social Media Training	2	0	Company-owned location or Franchised Business
Purchasing and Inventory Management	2	1	Company-owned location or Franchised Business
Opening Onsite Operations Training	0	48	Franchised Business
TOTAL	**20**	**115**	

You are responsible for any and all costs associated with becoming Serve Safe certified and completing the certification. This cost is not included in the Initial Franchise Fee paid to us.

Our Initial Training Program will utilize the Operations Manuals, and operating forms and materials used on a day-to-day basis during training. The training will occur at our headquarters, your franchised business, or another location designated by us. Training is conducted as needed. The dates and location of the training will be communicated to you in the Operations Manuals. Training will be conducted by Jenny Lamble, Emily Lamble, Ashleigh Culiver and a baker employed by one of our affiliates.

Substitute trainers, trainers brought in by our approved third-party vendors, or hired experts may provide training to you if the training schedule requires it or is necessary for other reasons. Any substitute or additional trainer that we use will have a minimum of one (1) year of experience in the subject they are teaching. There are no limits on our right to assign a substitute trainer to provide training.

ITEM 12
TERRITORY

Approved Location

You will receive an exclusive territory which will be described and attached to the franchise agreement (the "Territory"). The Territory will be based on population density of 100,000 people. However, we determine the boundaries of the specific geographic area based on a variety of factors, including proximity to competitors, proximity to other franchisees and natural and physical boundaries.

If, at the time the franchise agreement is executed, a location for the Franchised Business is not identified and approved by us, we will identify your Site Selection Territory in which you may identify a location for your Unit Franchise. The Site Selection Territory is not exclusive to you and there may be several franchisees searching for suitable sites within the same Site Selection Territory. You must lease or acquire a location within the Site Selection Territory within 90 days of executing the franchise agreement. Once your Approved Location is identified and approved by us, your protected Territory will be defined. The Territory will be different, and in most cases, smaller than, the Site Selection Territory.

Site Selection Territories and Territories will range in size from a site-specific location, i.e., a street address, to a block, a zip code, or a defined measurable area, depending on the market in which you would like to operate your Franchised Business. Typically, Unit Franchises located in metropolitan areas will receive a smaller Site Selection Territory and Territory than Unit Franchises located in suburban/rural areas. We will agree upon the size of your Site Selection Territory and Territory at the time we identify and agree on a market for your Franchised Business.

You shall not relocate the Approved Location without our prior written authorization. We reserve the right to approve or deny your relocation request in our discretion based upon, without limitation, our own business judgment, your compliance with the franchise agreement, and the proposed new location. If we approve your relocation request, you must pay us a Relocation Fee which is currently set at $2,000.

You are prohibited from setting up, maintaining or utilizing an Internet website, home page, or other social media site to sell products and services without our prior written consent. You must not cause or allow the Proprietary Marks to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with any Internet website, home page, or social media site without our express prior written consent, which we may grant or withhold in our sole discretion. If we provide our consent to such use, then you may only use the Proprietary Marks in such a manner authorized by us and in accordance with our procedures, standards and specifications as established from time to time.

You will have the right of first refusal for additional territories that are contiguous to your assigned Territory in accordance with the terms of your franchise agreement.

Except for the rights expressly reserved to us in this Item 12 and the franchise agreement, during the term of your franchise agreement, and provided that you are not in default, we will not establish or license another person to establish another Be Happy Pie Company within your Territory. Your territorial rights are not dependent upon achievement of a certain sales volume or market penetration.

Reserved Rights

Except as otherwise provided, we retain the right to:

i. Operate and grant others the right to operate a Franchised Business anywhere outside of your Territory;

ii. Develop, operate and grant others the right to operate any future concepts that are not included within the franchise system at any location anywhere;

iii. Use and license the use of other trademarks or methods which are not a part of the franchise system at any location anywhere;

iv. Operate any business that offers pies or baked goods (whether under development or already in operation) included in any business acquisition at any location outside of the Territory; and

v. Distribute or license any goods, services, or concepts, in or outside of your Territory, regardless of whether such products are authorized for Be Happy Pie Company franchises or are distributed or licensed under the Proprietary Marks, through other channels of distribution, including, but not limited to the Internet, wholesale, grocery stores, or other retail establishments that are not restaurants.

Currently, we do not have any plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

ITEM 13
TRADEMARKS

We own the following trademark which is registered on the United States Patent and Trademark Office (USPTO") by Be Happy Pie Company, LLC:

Service Mark	Registration Number	Application Date	Register
	5849760	September 3, 2019	Principal

We have applied for federal registration with the USPTO for the registration of the following Proprietary Marks:

Service Mark	Application Number	Application Date	Register
BE HAPPY PIE COMPANY	98675489	July 31, 2024	Principal

We grant you the right to use the Proprietary Marks in the operation of the Franchised Business. You shall not represent in any manner that you have acquired any ownership rights in the Proprietary Marks, and you shall not use any of the Proprietary Marks or any marks, names, or indicia which are, or may be confusingly similar, in your own entity or business name. You must obtain a fictitious or assumed name registration if required by your state or local law. All goodwill associated with the franchise system and identified by the Proprietary Marks shall inure directly and exclusively to our benefit.

We do not have a federal registration for some of our principal trademarks. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed all required affidavits related to the application and intend to renew the trademark registration when appropriate. We are not aware of any effective determinations of the USPTO, the trademark administrator of any state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Proprietary Marks which may be relevant to its use in any state. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

We are not obligated to defend your right to use the Proprietary Marks or against claims of infringement or unfair competition arising out of your use of the Proprietary Marks.

You do not receive any rights to the Proprietary Marks other than the nonexclusive and nontransferable right to use them in the operation of the Franchised Business. You must follow our rules, including any style requirements, when you use the Proprietary Marks. You may not use any Proprietary Marks in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. Any unauthorized use of the Proprietary Marks by you is a breach of the franchise agreement and an infringement of our rights in the Proprietary Marks. You must not contest the validity or ownership of the Proprietary Marks. You must not assist any other person in contesting the validity or ownership of the Proprietary Marks. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any of our Proprietary Marks. Your right to use the Proprietary Marks does not extend beyond the termination or expiration of the franchise agreement.

If you become aware of any apparent infringement, unfair competition or other challenge to your right to use any Proprietary Mark, or if you become aware of any use of or claim to any mark, name, logo or any other commercial symbol identical to or confusingly similar with any

Proprietary Mark, you must immediately notify us in writing. We shall have the sole discretion to take any action we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of this infringement, challenge or claim. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Proprietary Mark or if the proceeding is resolved unfavorably to you.

If we require, you must modify or discontinue the use of any Proprietary Marks and use other trademarks or service marks we designate at your expense. We are not obligated to reimburse you for modifying or discontinuing the use of a Proprietary Mark or for substituting another trademark or service mark for a discontinued Proprietary Mark, or for any loss of goodwill associated with a modified or discontinued Proprietary Mark. If we adopt and use new or modified Proprietary Marks, you must add or replace equipment, signs, supplies and fixtures, and you, at your expense, must make other modifications we designate as necessary to adapt your franchised business for the new or modified Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents, pending patent applications, or registered copyrights that are material to the purchase of a franchise. However, we claim copyright interest in our written materials and other materials that are critical to the franchise system, including, but not limited to, our Operations Manual, training material, advertising material, website, forms, supplier lists, trade secrets, and other publications. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Copyright Office. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

There is no current material determination of the USPTO, United States Copyright Office or a court regarding any patent or copyright. There is no forum, case number, claims asserted, issues involved, and effective determinations for any material proceeding pending in the USPTO or any court. We do not know of any patent or copyright infringement that could materially affect the franchised business.

We have developed certain trade secrets and other confidential information, including recipes, know-how, knowledge of, and experience in, operating a Be Happy Pie Company business. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise agreement. You may only use the trade secrets and other confidential information for the purpose of operating the Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to assist in operating the Franchised Business and you are responsible for informing your employees of the confidentiality of the information and enforcing its confidentiality as to your employees. Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the franchise agreement for which we may terminate the agreement.

Individuals with access to our trade secrets or other confidential information, including your shareholders, officers, directors, partners, members, managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the franchise agreement.

You must promptly tell us when you learn about the unauthorized use of the Operations Manual or any other confidential information belonging to us. We are not obligated to take any action, but we will respond to your notification of unauthorized use as we think appropriate. We may, but are not obligated to, indemnify you for any loss you sustain as a result of any action brought by a third party concerning your use of this proprietary information.

Should you or anyone affiliated with you develop any discoveries, ideas, modifications, recipes or additions (collectively, an "Improvement") related to the operation of the Franchised Business, you shall immediately advise us of such Improvement in writing. We may authorize the use and/or dissemination of such Improvement, and you agree not to implement the Improvement until authorized to do so by us. All such Improvements developed or used in connection with any Franchised Business and/or the franchise system are our property, regardless of whether developed by us, you, or otherwise. No compensation is due to you on account of any such Improvement.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are required at all times to perform your contractual obligations faithfully, honestly, and diligently, fully exploit your franchise agreement rights, and devote your time and best efforts to the operation, promotion and enhancement of your Franchised Business. You may serve as the general manager of the Franchised Business, or you may designate a general manager who shall be responsible for the operations of the Franchised Business when you are not available; provided, however, that you are required to participate in the direct, full-time, on-site operation of the Franchised Business for the initial sixty (60) days after opening. The Franchised Business must always be under your direct, full-time, day-to-day supervision or the supervision of a general manager who has successfully completed our Initial Training Program. Direct, full-time, day-to-day supervision means a minimum of forty (40) hours per week.

You must notify us in writing of the identity of your general manager at the time the general manager is hired, and shall subsequently notify us of any changes in their respective employment status. If at any time a new general manager is employed, such individual must complete the Initial Training Program to our satisfaction within thirty (30) days of hiring. General managers are not required to possess any designated equity interest in your Franchised Business.

Individuals with access to our trade secrets or other confidential information, including shareholders, officers, directors, partners, members, managers, executives, employees and staff, as applicable, may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. Additionally, your shareholders, officers, directors, partners, members, managers, and executives, and their respective spouses, as applicable, must personally guaranty the performance of all of the franchisee's obligations under the franchise agreement and agree to be personally liable for any breaches of the franchise agreement by signing the personal guaranty attached to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products we specify under the Proprietary Marks. You may not sell any services or products under the Proprietary Marks that we have not authorized, and you must discontinue offering any services or products under the Proprietary Marks that we disapprove of.

We have the right, without limit, to modify, add, or enhance the types of authorized services and products you are required to offer and sell under the Proprietary Marks. We may take action, including but not limited to, terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers.

We may allow certain services or products that are not otherwise authorized for general use as a part of the franchise system to be offered locally or regionally based on various factors, including test marketing, your qualifications, and regional or local differences.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN THE AGREEMENT**	**SUMMARY**
(a) Length of the franchise term	Section 3	The Initial Term of the franchise agreement is 5 years and commences on the effective date of the franchise agreement.
(b) Renewal or extension of the term of the franchise	Section 3	Provided certain conditions are met, you will have the option to acquire a successor franchise. If you fail to meet any of the conditions to acquire a successor franchise, we may refuse to permit you to acquire a successor franchise.

(c) Requirements for franchisee to renew or extend	Section 3	You may renew your franchise agreement if you: (i) provide us with not less than 6 months but no more than 9 months' written notice before expiration of the franchise agreement of your intent to renew; (ii) have fully complied with the provisions of the franchise agreement or any other agreement with us, our affiliates or approved suppliers; (iii) have paid all monetary obligations owed to us, our affiliate, and approved suppliers; (iv) have completed all required additional training; (v) sign the then-current standard franchise agreement which may contain items and conditions that are materially different from those in the original agreement; (vi) sign a general release in a form the same as or similar to the general release attached to the franchise agreement; (vii) you have the right to maintain possession of the Approved Location or have received our approval to relocate the Approved Location; (viii) upgrade the Approved Location to conform to our then-current standards; and (ix) pay a Renewal Fee equal to 50% of the then-current initial franchise fee.
(d) Termination by franchisee	Section 20	You may not terminate the franchise agreement prior to the expiration of its term, except as provided by law.
(e) Termination by franchisor without cause	Not Applicable	We may not terminate the franchise agreement without good cause.
(f) Termination by franchisor with cause	Section 20	We may terminate the franchise agreement only if you default.
		If a default arises from your failure to comply with a mandatory specification in the Operations Manual or the franchise agreement

(g) "Cause" defined-curable defaults	Section 20	that does not permit immediate termination or provide for a shorter time frame to cure the default, you will have the opportunity to cure the default within 30 days of receiving a notice of default from us. If a default arises from your failure to maintain insurance, you can avoid termination of the franchise agreement if you cure the default within 10 days of receiving a notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the franchise agreement if you cure the default within 5 days of receiving a notice of default.

(h) "Cause" defined-non-curable defaults	Section 20	We have the right to terminate the franchise agreement without giving you an opportunity to cure if you: (i) fail to select a location for the franchised business within 90 days after the effective date of the franchise agreement or fail to obtain our approval of the lease for the Approved Location; (ii) fail to begin operations of the franchised business within 360 days of signing the franchise agreement or 270 days after signing a lease or purchase agreement for the Approved Location, whichever is less; (iii) fail to satisfactorily complete our Initial Training Program; (iv) abandon the Franchised Business; (v) made a material misrepresentation, false statement or omission in the application to obtain the right to operate the franchised business; (vi) after a notice to cure, fail to cease engaging in activities, behavior, or conduct likely to adversely affect the reputation of the Franchised Business, our reputation, or the reputation of the franchise system; (vii) are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of the Franchised Business, our reputation, or the reputation of the franchise system; (viii) misuse or make unauthorized use of the Proprietary Marks; (ix) use the Operations Manual, trade secrets, or other confidential information in an unauthorized manner; (x) make an unauthorized transfer of the Franchised Business or an interest in the Franchised Business; (xi) fail to operate the Franchised Business in strict compliance with all applicable

		civil and criminal laws, ordinances, rules, regulations and orders of governmental authorities; (xii) understate any amounts due to us by 3% or more twice or knowingly maintain false books or records; (xiii) receive more than 3 valid notices of default in the same 12-month period, regardless of whether previous defaults have been cured; (xiv) default under any other agreement with us or an affiliate for which we or our affiliate have the right to terminate the agreement; or (xv) are adjudicated bankrupt, insolvent, or make a general assignment for the benefit of creditors.
(i) Franchisee obligations on termination/non-renewal	Sections 21 and 23	If the Franchise Agreement is terminated or not renewed, you must: (i) immediately cease operating the Franchised Business; (ii) immediately cease using any trade secrets, confidential information, the franchise system, and the Proprietary Marks; (iii) not directly or indirectly represent or give the impression to the public that you are a present franchisee or are in anyway connected to the franchise system; (iv) cancel or assign to us any assumed names; (v) pay all amounts due to us, including liquidated damages as a result of the termination or non-renewal, within 5 days of the termination or expiration of the franchise agreement; (vi) return the Operations Manual, trade secrets and all other confidential information and provide a certificate of compliance within 15 days of the termination or expiration of the franchise agreement; (vii) return or discontinue use of all forms, advertising materials, devises, insignias, slogans, designs, signs, and

		any trade dress and provide a certificate of compliance within 15 days of the termination or expiration of the franchise agreement; (viii) cease to use any methods, procedures, techniques, recipes, copyrighted material, Proprietary Marks, trade names, and patents associated with the franchise system in which we have a proprietary right, title, or interest and provide a certificate of compliance within 15 days of the termination or expiration of the franchise agreement; (ix) transfer and assign all telephone numbers to us; (x) assign to us any interest in which you have in any lease for the Approved Location; and (x) strictly comply with the covenants not to compete and any other surviving provisions of the franchise agreement.
(j) Assignment of contract by franchisor	Section 22	There are no restrictions on our right to assign our interest in the franchise agreement.
(k) "Transfer" defined	Section 22	A "Transfer" includes transfer of an interest in the franchised business, the franchise agreement or the Franchised Business' assets, in any manner whatsoever.
(l) Franchisor approval of transfer by franchisee	Section 22	You may not make a Transfer without our prior written consent.
(m)Conditions for franchisor approval of transfer	Section 22	We may consent to a Transfer if: (i) we have not exercised our right of first refusal; (ii) the transferee meets the then-current standards and requirements for a franchisee and does not own a competitive business; (iii) the transferee and all persons owning

		an interest in the transferee sign the then-current form of the franchise agreement; (iv) the transferee agrees, at transferee's expense, to complete our Initial Training Program to our satisfaction before assuming management of the Franchised Business; (v) the transferee and all persons owning an interest in the transferee have agreed to be personally bound by all provisions of the franchise agreement; (vi) transferee agrees to upgrade or renovate the Approved Location, if applicable, in accordance with our then-current standards; (vii) transferee has obtained all necessary types of insurance; (viii) all monetary obligations owed to us are paid; (ix) you have complied with all material obligations under the franchise agreement or any other agreement with us, our affiliate, or our approved suppliers; (x) you sign a general release in a form the same as or similar to the General Release attached to the franchise agreement; (xi) either you or transferee pay us the then-current Transfer Fee; and (xii) you strictly comply with the covenants not to compete and any other surviving provisions of the franchise agreement.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 22	We have the right to match any offer to purchase the Franchised Business or an ownership interest in the entity that owns the Franchised Business that you propose to sell.

(o) Franchisor's option to purchase franchisee's business	Section 22	During the 60-day period after the termination or expiration of the franchise agreement, we have the right, but not the obligation, to purchase some or all of the assets of the Franchised Business at Franchisee's cost.
(p) Death or incapacity of franchisee	Section 22	Upon the death or incapacity of an owner of the Franchised Business, his or her executor, administrator, conservator or other personal representative must transfer the interest in the franchise to a third-party approved by us within a reasonable time not to exceed 60 days from the date of death or incapacity, subject to state law, or we may terminate the franchise agreement.
(q) Non-competition covenants during the term of the franchise	Section 23	You, the Franchised Business' owners and the Franchised Business' officers, directors, executives, and managers are prohibited from attempting to divert any business or customer of the Franchised Business to a competitive business, to engage in activity that causes injury to the Proprietary Marks or the franchise system, or to own or work for a competitive business.
(r) Non-competition covenants after the franchise is terminated or expired	Section 23	For 3 years commencing upon the date of (a) a transfer permitted under the franchise agreement; (b) expiration of the franchise agreement; (c) termination of the franchise agreement (regardless of the cause for termination); (d) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of the covenants not to compete or (e) any or all of the foregoing, you, the Franchised Business' owners and the Franchised Business' officers,

		directors, executives, and managers are prohibited from either directly or indirectly, through, on behalf of, or in conjunction with any person or legal entity to (i) own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that (a) sells or offers pies and/or baked goods that separately or in the aggregate constitute or would constitute 10% or more of the business' gross sales; and (b) is, or is intended to be, (I) located within your Territory; (II) located within 10 miles of your Territory; or (III) within 10 miles of the territory of any other Be Happy Pie Company franchisee; or to (ii) solicit or influence any customers, employees, or business associates to compete with us or terminate their relationship with us.
(s) Modification of the Franchise Agreement	Section 27	No amendment, change, or variance from the franchise agreement shall be binding upon either you or us except by mutual written agreement. We may modify the Operations Manual without your consent; provided, however, that such modification will not materially alter your rights under the franchise agreement.
(t) Integration/merger clause	Section 27	Only the terms of the franchise agreement and other related written agreements are binding, subject to state law. Any other representations or promises outside of this disclosure document or franchise agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this disclosure document.

(u) Dispute resolution by arbitration or mediation	Section 25	Except for certain claims listed in the franchise agreement, and subject to state law, all disputes must first be submitted by the parties to non-binding mediation in the county in which our then-current headquarters is located. If the parties first submit any claims to mediation and the dispute is unable to be resolved through mediation, then either party may initiate a lawsuit in the state or federal courts having jurisdiction in the county in which our then-current headquarters is located.
(v) Choice of forum	Section 25	Either party may file for an injunction in state or federal court (subject to applicable state law.)
(a) Choice of Law	Section 25	Subject to state law, Indiana law applies, except disputes over the Proprietary Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

ITEM 18
PUBLIC FIGURES

We do not presently use any public figures to promote our franchise. We reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Amended 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting [name, address, and telephone number], the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. l
System Wide Outlet Summary
For 2023 - 2025

SYSTEM WIDE OUTLET SUMMARY				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2023	0	0	0
	2024	0	0	0
	2025	0	1	+1
Company Owned Outlets	2023	1	1	0
	2024	1	2	+1
	2025	2	2	0
Total Outlets	**2023**	**1**	**1**	**0**
	2024	**1**	**2**	**+1**
	2025	**2**	**3**	**+1**

Table No. 2
Transfers of Outlets from Franchisees to New Owners for 2023 - 2025

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS		
State	Year	Number of Transfers
All States – Total	**2023**	**0**
	2024	**0**
	2025	**0**

Table No. 3
Status of
Franchised Outlets
for 2023 - 2025

STATUS OF FRANCHISED OUTLETS								
State	Year	Outlets at Start of the Year	Outlets Opened	Terminated	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
KY	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Total	**2023**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 4
Status of Company Owned Outlets
For 2023 - 2025

STATUS OF COMPANY OWNED OUTLETS							
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
IN	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2
	2025	2	0	0	0	0	2
Total	**2023**	**1**	**0**	**0**	**0**	**0**	**1**
	2024	**1**	**1**	**0**	**0**	**0**	**2**
	2025	**2**	**0**	**0**	**0**	**0**	**2**

Table No. 5

Projected Openings
as of December 31, 2025

PROJECTED OPENINGS			
State	**Franchise Agreements Signed but Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlet in the Next Fiscal Year**
Indiana	0	0	2
Kentucky	0	1	0
Missouri	1	1	0
Tennessee	0	1	0
Total	**1**	**3**	**2**

Exhibit C to this FDD is a list of our franchises and outlet owners as of the end of our last fiscal year, and the addresses and telephone numbers of their franchised businesses.

Exhibit D to this FDD is the name, city and state, and current business telephone number of the franchisees who had an outlet terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise system during the last fiscal year, or who have not communicated with us within ten (10) weeks of the issuance date of this FDD. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system that have been either (i) created, sponsored, or endorsed by us, or (ii) incorporated or otherwise organized under state law and which have asked us to be included in our disclosure document during the next fiscal year.

No franchisees have signed confidentiality clauses in connection with the termination of a franchise agreement during our last three (3) fiscal years.

ITEM 21
FINANCIAL STATEMENTS

Attached to this FDD as **Exhibit F** is our unaudited financial statements. The Franchisor’s fiscal year end date is December 31.

ITEM 22
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

Exhibit A – List of State Administrators

Exhibit B – Franchise Agreement and Exhibits

Exhibit C – List of Current Franchisees

Exhibit D -- List of Franchisees Who Have Left the System

Exhibit E – Operations Manuals - Table of Contents

Exhibit F – Financial Statements

Exhibit G – List of Agents for Service of Process

Exhibit H – State Specific Disclosures and State Specific Addenda to Agreements

Exhibit I – Franchise Compliance Certification

Exhibit J – Disclosure Document Receipt (last pages of Disclosure Document)

ITEM 23
RECEIPT

Exhibit J to this FDD contains two (2) receipt pages by which you acknowledge your receipt of this FDD with an Issuance Date of June 30, 2026. One of the copies is for your records. The other one must be signed, dated and returned to Jennifer Lamble at 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712 or by telephone at 812-781-1445, or by email at jlamble@behappypiecompany.com.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, California 94104 Department of Business Oversight 320 W. 4th Street, Suite 750 Los Angeles, California 90013 Department of Business Oversight 1515 K. Street, Suite 200 Sacramento, California 95814 (866) 275-2677 Toll Free	Nebraska Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, Nebraska 68509
Connecticut Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103	New York NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, New York 10005 212-416-8285
Florida Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, Florida 32399-6500	North Carolina Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, North Carolina 27603-5909
Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	North Dakota North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712

Illinois Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Rhode Island Department of Business Regulation JOHN O. PASTORE COMPLEX 1511 Pontiac Avenue Bldg. 69, First Floor Cranston, Rhode Island 02920
Indiana Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204	South Carolina Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201
Kentucky Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, Kentucky 40601-8204	South Dakota Department of Labor and Regulation Division of Securities 124 Euclid, Suite 104 Pierre, South Dakota 57501
Maine Department of Professional and Financial Regulations Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333	Texas Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701
Maryland Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202	Utah Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114-6704

Michigan Department of the Attorney General Consumer Protection Division, Franchise Section 525 Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933	Virginia State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 East Main Street Richmond, Virginia 23219
Minnesota Minnesota Department of Commerce Commissioner of Commerce 85 7th Place East, Suite 600 St. Paul, Minnesota 55101	Washington Department of Financial Institutions Securities Division 150 Israel Road Southwest Olympia, Washington 98501
	Wisconsin Division of Securities Department of Financial Institutions 345 West Washington Avenue Madison, Wisconsin 53703

EXHIBIT B
FRANCHISE AGREEMENT

[Separate Cover.]

BE HAPPY PIE COMPANY FRANCHISING, LLC

An Indiana Limited Liability Company

2818 Mount Vernon Avenue
Suite B
Evansville, Indiana 47712

Unit Franchise Agreement

Franchisee: ____________________

Date: ________________________

Location: ______________________

TABLE OF CONTENTS

EXHIBITS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is effective as of ___________ ("Effective Date") by and between Be Happy Pie Company Franchising, LLC an Indiana limited liability company, with a principal business address of 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712 ("Franchisor") and ___________________________ ("Franchisee") with a principal business address is __________________________ if Franchisee is a business entity or partnership, or whose notice address is ______________________________ if Franchisee is an individual.

RECITALS

Franchisor owns a format and system relating to the establishment and operation of a bakery which operates under our Proprietary Marks in facilities that bear our interior and/or exterior trade dress (each one referred to as a "Bakery") and specializes in the sale of Products for on premises and carry out consumption. Among the distinguishing characteristics of a Bakery are that it operates under our Be Happy Pie Company system, which includes, among other things: Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; and marketing programs, all of which Franchisor may periodically change, improve, and further develop (collectively, the "System"). The System is identified by means of our Proprietary Marks. Franchisor continues to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.

Franchisor grants qualified persons and business entities a license to the Proprietary Marks and System in order for the franchisee to operate a Bakery using the System and the Proprietary Marks, subject to laws, rules, and regulations governing bakeries, restaurants, food establishments and the like. Franchisee desires to operate a Bakery and has submitted to Franchisor an application and other pertinent information, including any financial information requested by Franchisor, which fully and truthfully sets forth the information therein, and Franchisee has further advised Franchisor of all persons who will hold interests in the Franchised Business. Franchisor has approved Franchisee's application to own and operate a Bakery upon reliance on the information contained in the application including but not limited to the business skill, financial capacity, and character of Franchisee.

Franchisee hereby acknowledges that Franchisee has read this Agreement and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of quality and service to protect and preserve the Proprietary Marks and goodwill associated therewith and Franchisee agrees to operate the Franchised Business in strict conformity with Franchisor's System.

THEREFORE, Franchisor and Franchisee, intending to be legally bound, for and in consideration of the covenants hereinafter following, do covenant and agree as follows:

SECTION 1
DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

A. Affiliate(s) means any business entity that controls, is controlled by, or is under common control with Franchisor or Franchisee, respectively.

B. Agreement means this Franchise Agreement and its exhibits and any amendments thereto.

C. Approved Location means the location used for the operation of the Franchised Business that is built out to the Franchisor's standards and specifications to provide the authorized products and services.

D. Approved Supplier has the meaning given to it in Section 11 of this Agreement.

E. Annual Convention Fee means the then-current registration fee for attending the convention for Franchisee and the general manager of the Franchised Business.

F. Claim has the meaning given to it in Section 25 of this Agreement.

G. Competitive Business means any business that sells or offers pies and/or baked goods that separately or in the aggregate constitute or would constitute 10% or more of that business' gross sales.

H. Computer System means the computer hardware and software that Franchisee is required to purchase for operation of the Franchised Business.

I. Confidential Information means any information used in or related to the Franchised Business and not commonly known by or available to the public, including but not limited to the methods, processes, skills, know-how, techniques, information, trade practices, customer lists or databases, software, proprietary data, Trade Secrets, and any other information identified or labeled by Franchisor as confidential when provided to Franchisee. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

J. Confidential Operations Manual means the manuals setting out the operations and procedures for operating the Franchised Business and the recipes compiled by the

Franchisor, regardless of form, and any other items that may be provided, added, changed, modified, or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures, and specifications of the System.

K. Control means the beneficial ownership of more than fifty percent (50%) of the ownership interest of a company or the legal power to direct or cause the direction of the general management of the company. The terms "controls," "controlled," and the expression "change of control" shall be construed accordingly.

L. Controlled Entity has the meaning given to it in Section 22 of this Agreement.

M. Day means a period of twenty-four (24) consecutive hours ending at 12:00 midnight.

N. Effective Date means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term.

O. Force Majeure Event has the meaning given to it in Section 20 of this Agreement.

P. Franchised Business means the Be Happy Pie Company franchise to be established and operated by Franchisee pursuant to the terms of this Agreement.

Q. Franchisee means the individual or entity, as well as its Principals and their respective spouses, defined as "Franchisee" in the introductory paragraph of this Agreement.

R. Franchisor means Be Happy Pie Company Franchising, LLC.

S. GAAP means the generally accepted accounting principles, standards, and procedures used by accountants to prepare financial statements.

T. Grand Opening Campaign means marketing, advertising, and public relations advertising of the Franchised Business by the Franchisor on behalf of Franchisee, at Franchisee's expense.

U. Impacted Party has the meaning given to it in Section 20 of this Agreement.

V. Initial Franchise Fee means the sum of $35,000.00, payable in accordance with Section 4 of this Agreement.

W. Initial Term means the five (5) year period immediately following the Effective Date.

X. Initial Training Program means the in-person training provided by Franchisor before Franchisee opens the Franchised Business consisting of in-person training, classroom training, and online training at Franchisor's company-owned locations, the Franchised Business, or another location designated by Franchisor.

Y. Incapacity means a mental or physical condition, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee from supervising the operation of the Franchised Business for a collective period of three (3) months from the onset of such physical or mental condition.

Z. Internet means the global computer network consisting of interconnected networks using standardized communication protocols.

AA. Liquidated Damages has the meaning given to it in Section 25 of this Agreement.

BB. Local Advertising means advertising, promotions and public relations conducted by Franchisee within the Territory.

CC. Management Fee means 25% of the monthly Gross Sales payable by the Franchisee to the Franchisor in accordance with Sections 8 and 22 of this Agreement.

DD. Marketing Fund means a System-wide marketing, advertising and promotion fund to maximize general public recognition and acceptance of the Proprietary Marks and for other benefits for the System.

EE. Gross Sales means the total revenues derived by the Franchised Business from all sales of the Franchised Business, whether from cash, check, credit, barter, or otherwise, without reserve or deduction for inability or failure to collect the same and whether such business is conducted in compliance with, or in violation of, the terms of the franchise agreement.

FF. Opening Inventory means the initial food, branded décor, uniforms and branded merchandise Franchisee is required to purchase before opening its Franchised Business to the public.

GG. Principals means any person or entity who has an ownership interest in Franchisee if Franchisee is a legal entity.

II. Products and Services the proprietary and non-proprietary products and services offered and sold by the Franchised Business, as the same may, from time to time, be amended by notification in writing by the Franchisor to the Franchisee.

JJ. Proprietary Marks means the trademark "Be Happy Pie Company" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, slogans, drawings and other commercial symbols, registered or unregistered, as Franchisor may designate to be used in connection with the System.

KK. Relocation Fee has the meaning given to it in Section 6 of this Agreement.

LL. Renewal Fee means a sum equal to fifty percent (50%) of the then-current Initial Franchise Fee.

MM. Royalty Fee has the meaning given to it in Section 14 of this Agreement.

NN. Site Selection Territory has the meaning given to it in Section 5 of this Agreement.

OO. System means the uniform and distinctive business format and method developed and implemented by the Franchisor in connection with the Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; and marketing programs, all of which Franchisor may periodically change, improve, and further develop.

PP. Technology Fee has the meaning given to it in Section 12 of this Agreement.

QQ. Territory has the meaning given to it in Section 6 of this Agreement.

RR. Trade Secrets means a type of Confidential Information in any form related to or used in the System that is not commonly known by or available to the public and such information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

SS. Transfer has the meaning given to it in Section 22 of this Agreement.

TT. Week means any period of seven (7) consecutive days.

UU. Year means any period of twelve (12) consecutive months.

SECTION 2
GRANT OF FRANCHISE

Upon the terms and conditions of this Agreement, Franchisor hereby grants Franchisee, and Franchisee hereby accepts, a revocable, limited, non-transferable, non-assignable, non-sub-licensable license to use the Proprietary Marks and System solely for the purpose of operating the Franchised Business under the name “Be Happy Pie Company”. Franchisee agrees to operate the Franchised Business in accordance with the System and this Agreement, subject to laws, rules, and regulations governing bakeries, restaurants, food establishments, and the like, and solely at the Approved Location and within the Territory unless otherwise approved in writing by Franchisor. Franchisee shall not sublicense the Proprietary Marks or the System to any person or entity.

In all dealings with third parties, including, without limitation, customers and employees, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity operating under a franchise granted by Franchisor. Franchisee shall submit all applications and enter into all contracts in its designated corporate name or such other fictitious names which have been approved by Franchisor. Nothing in this Agreement is intended by the parties to create a fiduciary relationship between them, nor to constitute Franchisee or Franchisee’s employees or contractors as an agent, legal representative, subsidiary, joint venture, partner, or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty, or representation or to create or imply any obligation on behalf of Franchisor.

Franchisee and Franchisee’s spouse, if Franchisee is an individual, or the Principals and their respective spouses of Franchisee if Franchisee is an entity, must execute a personal guaranty in favor of Franchisor in the same form, or substantially similar form, as the personal guaranty attached to this Agreement as **Exhibit A**.

SECTION 3
TERM AND RENEWAL

A. Initial Term.

The Initial Term of this Agreement shall begin on the Effective Date first set forth above and shall expire on the date that is five (5) years after the Effective Date, unless sooner terminated pursuant to this Agreement.

B. Successor Franchise.

Franchisee has the right to acquire a successor franchise at the expiration of the Initial Term by entering into a new agreement, which shall be in the Franchisor's then current form of franchise agreement, subject to Franchisee having satisfied all of the following conditions before the expiration of the Initial Term:

i. Franchisee provides Franchisor with not less than six (6) months but not more than nine (9) months' written notice before expiration of this Agreement of its intent to acquire a successor franchise;

ii. Franchisee is not in default or in violation of this Agreement or any other agreement with Franchisor, its Affiliates, or any of its Approved Suppliers;

iii. Franchisee has paid all monetary obligations owed to Franchisor, its Affiliates, or any of its Approved Suppliers;

iv. Franchisee has completed all required additional training;

v. Franchisee makes all required renovations and upgrades to the Approved Location to comply with then-current standard required of new franchisees;

vi. Franchisee has the right to maintain possession of the Approved Location or has received Franchisor's approval to relocate the Approved Location;

vii. Franchisee signs the then-current standard franchise agreement which may contain terms and conditions that are materially different from those in the original Agreement;

viii. Franchisee pays the Renewal Fee; and

ix. Franchisee has executed a general release, in a form the same as or similar to the General Release attached as **Exhibit B**, which releases any and all claims against Franchisor, any Affiliates and their respective officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

If Franchisee does not comply with the conditions above from the time it is requested to acquire the successor franchise to the last day of the Initial Term, Franchisee agrees that Franchisor shall be deemed to have good cause to refuse to renew the Agreement. Failure or refusal by Franchisee to execute any agreements, instruments, and/or documents required by Franchisor in connection with such renewal within thirty (30) days after delivery to Franchisee (unless otherwise agreed) shall be deemed an election by Franchisee not to renew the Agreement.

SECTION 4
INITIAL FRANCHISE FEE

Franchisee shall pay Franchisor an Initial Franchise Fee of Thirty-five Thousand Dollars ($35,000.00). The Initial Franchise Fee is fully earned by Franchisor when Franchisee signs the Franchise Agreement and is payment, in part, for costs and expenses incurred by Franchisor in providing assistance and services to Franchisee, including general sales and marketing expenses, training, legal, accounting and other professional fees.

SECTION 5
SITE SELECTION TERRITORY AND APPROVED LOCATION

A. Site Selection Area

If, at the time this Agreement is executed, a location for the Franchised Business is not identified and approved by Franchisor, Franchisor shall designate a non-exclusive geographical area in which Franchisee may identify a location for the Franchised Business (the "Site Selection Territory"). Franchisee must identify a location within the Site Selection Territory and obtain Franchisor's approval in accordance with Section 5(b) hereof within ninety (90) days of the Effective Date. Once the location is identified and approved by Franchisor, the protected Territory will be defined. The Territory will be different, and in most cases, smaller than, the Site Selection Territory.

B. Approval of Location

Franchisee is required to have a brick and mortar location to operate the Franchised Business. Franchisee must either own or lease the premises for the Franchised Business and Franchisee must obtain Franchisor's approval before purchasing or leasing the building. Approval of a location is based on Franchisor's sole discretion as to whether the proposed location meets Franchisor's site selection criteria.

C. Lease of Approved Location

Franchisee must deliver copies of the proposed lease agreement and related documents pertaining to the Approved Location to Franchisor prior to signing them. Franchisee agrees not to sign any lease agreement or related documents (or any renewal thereof) unless Franchisor has previously approved them. Franchisor's approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. Franchisee agrees to deliver a copy of the signed lease to Franchisor within ten (10) days after its execution along with the Lease Assignment (as defined below).

When entering into a lease for an Approved Location, Franchisee and the lessor must sign our then-current form of Conditional Assignment of Lease Agreement (the "Lease Assignment"), a copy of which is attached hereto as **Exhibit C**. Franchisee agrees not to sign any lease or renewal of a lease unless Franchisee has also obtained the Lease Assignment signed by the lessor.

D. Relocation of Approved Location

Franchisee shall not change the location of the Approved Location without Franchisor's prior written authorization. Franchisor reserves the right to approve or deny Franchisee's relocation request in Franchisor's discretion based upon, without limitation, Franchisor's own business judgment, Franchisee's compliance with this Agreement, and the proposed new location. In the event Franchisor approves Franchisee's relocation request, Franchisee will be required to pay Franchisor a Relocation Fee of Two Thousand Dollars ($2,000) to cover Franchisor's costs and expenses in reviewing the relocation request and the documents related to the proposed location.

E. Acknowledgements Regarding Site Approval

Franchisee acknowledges and agrees that:

i. Franchisor's recommendation or approval of any Approved Location, the Site Selection Territory, or the protected Territory does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

ii. Franchisor's recommendation or approval of any Approved Location, the Site Selection Territory, or the protected Territory indicates only that Franchisor believes that the site, the Site Selection Territory, or the protected Territory fall within the acceptable demographic and other criteria for approved locations, site selection territories, and protected territories that Franchisor has established as of the time of such recommendation or approval;

iii. application of criteria that have appeared effective with respect to other approved locations may not accurately reflect the potential for all sites, and, after Franchisor's approval of a site, demographic and/or other factors included in or excluded from Franchisor's criteria could change to alter the potential of a site;

iv. the uncertainty and instability of such criteria are beyond Franchisor's control, and Franchisor shall not be responsible for the failure of an Approved Location, the Site Selection Territory, or the protected Territory to meet expectations as to potential revenue or operational criteria; and

v. with respect to any review of Franchisee's design plans and constructional renovation plans, or other federal, state, or local health regulations, Franchisor will not review whether Franchisee is in compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act and Franchisee acknowledges and agrees that (a) Franchisee is solely responsible for compliance with all such laws and regulations; and (b) Franchisor's approval is not, and will not be deemed to be, an assessment as to whether or not Franchisee has complied with those laws and regulations.

vi. Franchisor's approval of the lease for the Approved Location does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of the Franchised Business operated at the Approved Location. Such approval indicates only that Franchisor believes that the Approved Location and the terms of the lease fall within the acceptable criteria Franchisor has established as of the time of our approval. Franchisee further acknowledges that Franchisor has advised Franchisee to have an attorney review and evaluate the lease.

SECTION 6
TERRITORY

A. Territory

Once your Approved Location is identified and approved, Franchisor shall define Franchisee's protected Territory on the attached **Exhibit D**. During the Initial Term, and provided Franchisee is not in default of this Agreement or any other agreement between Franchisor and Franchisee, neither Franchisor nor its Affiliates shall open for business, grant a franchise, license or otherwise authorize any other person or entity to open for business, a Be Happy Pie Company franchise within the Territory.

B. Rights Reserved

Franchisee acknowledges that except to the extent provided herein, Franchisor and its Affiliates expressly retain the right to:

i. Operate and grant others the right to operate a Be Happy Pie Company franchise anywhere outside of the Territory;

ii. Develop, operate and grant others the right to operate any future concepts that are not included within the System at any location anywhere;

iii. Use and license the use of other trademarks or methods which are not a part of the System at any location anywhere;

iv. Operate any business that offers pies or baked goods (whether under development or already in operation) included in any business acquisition at any location outside of the Territory; and

v. Distribute or license any goods, services, or concepts, in or outside of the Territory, regardless of whether such products are authorized for franchisees or are distributed or licensed under the Proprietary Marks, through other channels of distribution, including, but not limited to the Internet, wholesale, grocery stores, or other retail establishments that are not bakeries or restaurants.

SECTION 7
BUILD-OUT OF THE APPROVED LOCATION

A. Build-Out of Approved Location

After obtaining the Approved Location, Franchisee must commence build-out of the Approved Location within thirty (30) days of obtaining possession of the Approved Location, unless otherwise agreed. Franchisor may, in its sole discretion, furnish Franchisee with prototype design plans, specifications, decor and/or layout for the Approved Location, including requirements for design, color scheme, image, interior layout for fixtures, equipment, signs, and furnishings.

Franchisee must prepare all required construction plans and specifications to suit the shape and dimensions of the Approved Location and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee agrees to submit construction plans and specifications to Franchisor for approval before construction of the Approved Location is commenced and, at our request, submit all revised or "as built" plans and specifications during the course of such construction. Franchisor may require that an architect approved by it prepare the initial floor and concept plan, and/or oversee the finished plans before construction begins.

Without limiting Franchisee's foregoing obligations, Franchisee agrees, at its own expense, to do the following with respect to developing the Approved Location:

i. Sign a lease or otherwise obtain the right to occupy the Approved Location within one hundred twenty (120) days after the Effective Date;

ii. Obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Franchised Business;

iii. Construct all required improvements to the Approved Location in compliance with construction plans and specifications approved by Franchisor;

iv. Provide Franchisor with notice of commencement of the build-out within ten (10) days of the date it began;

v. Commence the build-out and decoration of the Approved Location in accordance with our standards and specifications within thirty (30) days following obtaining possession of the Approved Location;

vi. Ensuring that any design, working drawings, specifications, construction, renovation, or refurbishment complies with any applicable law, including any requirements relating to disabled persons;

vii. purchase such items specified in the Confidential Operations Manual or otherwise specified by Franchisor in writing, including, but not limited to, an initial supply of branded decor, logoed clothing, merchandise and food; and

viii. Be responsible for any errors or omissions or discrepancies (of any nature) in any drawings or specifications; and

ix. Cause the discharge or release of record of any and all liens which may be recorded or perfected or which may otherwise attach to all or any portion of the Franchised Business as result of work done by or for the Franchisee within ten (10) days after notification of the existence of any such lien.

B. Décor

Franchisee agrees that all decor of the Franchised Business must be previously approved by Franchisor and must comply with Franchisor's standards as described in the Confidential Operations Manual, which may be periodically revised. Franchisee's failure to maintain the Franchised Business' decor in compliance with Franchisor's standards constitutes a material breach of this Agreement.

SECTION 8
OPENING AND OPERATION OF THE FRANCHISED BUSINESS

A. Opening of the Franchised Business

Franchisee shall not open the Franchised Business to the public without written authorization from Franchisor. Franchisor shall provide its authorization for opening the Franchised Business once Franchisee has:

i. completed the Initial Training Program to Franchisor's satisfaction;

ii. hired all necessary personnel required for operating the Franchised Business and such personnel has completed any required training;

iii. provided Franchisor with copies of all required insurance policies or such other acceptable evidence of insurance coverage;

iv. satisfactorily demonstrated that Franchisee is ready to open and able to meet Franchisor's specifications and standards for operating the Franchised Business; and

v. paid all amounts due to Franchisor or its Affiliates.

Franchisee must meet these conditions and open the Franchised Business to the public within three hundred sixty (360) days after the Effective Date or two hundred seventy (270) days after signing a lease or purchase agreement of the Approved Location, whichever is less, unless otherwise authorized in writing by the Franchisor. Time is of the essence. In the event Franchisee fails to open the Franchised Business within the specified time period, Franchisor has the right to terminate this Agreement. If the Agreement is terminated under these circumstances, Franchisor shall have the right to retain the entire Initial Franchise Fee paid by Franchisee for consideration of the Franchisor's services, time expended, work performed, and other efforts of Franchisor. The retention of the Initial Franchise Fee shall not be construed as or considered to be a penalty.

If Franchisee reasonably believes it will be delayed from opening the Franchised Business within three hundred sixty (360) days after the Effective Date or two hundred seventy (270) days after signing a lease or purchase agreement of the Approved Location, whichever is less, Franchisee must provide Franchisor with a written request to extend the deadline, which Franchisor may grant or deny in its sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that Franchisee is making to proceed with the opening; and

(4) an anticipated opening date. In considering the request, Franchisor will not unreasonably withhold its consent to a delay if Franchisee has been diligently pursuing the opening.

B. Operation of the Franchised Business

For the first sixty (60) days of operation of the Franchised Business, the Franchised Business shall only be operated by Franchisee, if Franchisee is an individual, or by a Principal, if Franchisee is a legal entity, after such individual has successfully completed the Initial Training Program. If Franchisee is a legal entity, Franchisee shall notify Franchisor in writing of the identity of the individual who will serve as the general manager. Thereafter, Franchisee may appoint a general manager to operate the Franchised Business and must notify the Franchisor in writing of the identity of the individual who will serve as the general manager. If at any time a new general manager is hired, such individual must complete the Initial Training Program to the satisfaction of the Franchisor within thirty (30) days of the individual's hiring date.

Franchisee is solely responsible for recruiting, hiring, firing, and supervising employees to operate the Franchised Business and the terms and conditions of their employment. The employees of the Franchised Business will only be employees of Franchisee, and are not employees or agents of the Franchisor.

C. Step-In Rights

Franchisee shall operate the Franchised Business in accordance with the standards, specifications, and procedures set forth in the Confidential Operations Manual and shall comply with any modifications to the standards, specifications, and procedures in the Confidential Operations Manual, or as otherwise directed in writing by the Franchisor, subject to laws, rules, and regulations governing bakeries, restaurants, food establishments and the like. If, in the Franchisor's judgment, the Franchised Business is not being managed properly, the Franchisor may, but need not, assume the Franchised Business's management.

All funds from the Franchised Business's operation while the Franchisor assumes its management will be kept in a separate account, and all of Franchisor's expenses will be charged to this account, including all travel, food, and lodging expenses incurred in the course of providing such services. Franchisor may charge Franchisee the Management Fee, plus the Franchisor's direct out-of-pocket costs and expenses for managing the Franchised Business. Such fee would be in addition to the Royalty Fee and all other fees due under this Agreement.

In the event the Franchisor assumes management of the Franchised Business, Franchisor has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Franchised Business incurs, or be liable to any of Franchisee's creditors. Franchisor will cease managing the Franchised Business and return management responsibilities to Franchisee at such time that Franchisor, in its sole discretion and as it sees fit, determines that Franchisee can manage the Franchised Business in accordance with this Agreement and Franchisor's standards and specifications; provided, however, that if Franchisee does not resume management of the

Franchised Business after six (6) months from the time Franchisor exercises its step-in rights, Franchisor may terminate this Agreement.

Notwithstanding the foregoing, prior to Franchisor operating the Franchised Business pursuant to the terms of this Section 7, Franchisor shall have provided Franchisee with notice of the nature and extent of Franchisee's failure to comply with Franchisor's operational requirements, standards, and specifications and the reasonable opportunity to cure the failure, so long as the opportunity to cure is expressly provided for under this Agreement.

SECTION 9
TRAINING

A. Initial Training Program

The Initial Training Program will be made available for up to two (2) people who shall include Franchisee, if Franchisee is an individual, or the owner, if Franchisee is a legal entity, and the general manager of the Franchised Business at no additional cost. The Initial Training will take place at Franchisor's company-owned location, online, the Franchised Business, or at another location designated by Franchisor.

Franchisee, if Franchisee is an individual, or an owner, if Franchisee is a legal entity, and the general manager of the Franchised Business must complete the Initial Training Program to the Franchisor's satisfaction within approximately one (1) month of the Effective Date but no less than thirty (30) days prior to opening the Franchised Business to the public. In the event Franchisee, if Franchisee is an individual, or an owner, if Franchisee is a legal entity, fails to complete the Initial Training Program to the Franchisor's satisfaction, Franchisor has the right to terminate this Agreement. If this Agreement is terminated under this circumstance, Franchisor shall have the right to retain the entire Initial Franchise Fee paid by Franchisee for consideration of the Franchisor's services, time expended, work performed, and other efforts of Franchisor. The retention of the Initial Franchise Fee shall not be construed as or considered to be a penalty.

In the event the general manager fails to complete the Initial Training Program to the satisfaction of the Franchisor, Franchisee shall designate another individual as the general manager and such individual must complete the Initial Training Program to the satisfaction of the Franchisor within thirty (30) days of the individual's hiring date.

B. Grand Opening Training and Assistance

Franchisor will conduct the required Grand Opening Marketing Campaign for Franchisee, at Franchisee's expense, during the one (1) month period before the opening of the Franchised Business and the one (1) month period after the opening of the Franchise Business. Franchisee must pay Franchisor a grand opening marketing fee of Two Thousand Five Hundred Dollars ($2,500.00) to conduct the Grand Opening Marketing Campaign. Franchisee may, but is not required to, spend more than the required fee for the Grand Opening Marketing Campaign.

Franchisor will provide Franchisee with Opening Onsite Operations Training at the Approved

Location as part of the Initial Training Program for a total of forty-eight (48) hours of hands-on training during the six (6) days immediately preceding the grand opening of the Franchised Business.

C. Additional Training

Franchisor provides additional training to Franchisee and/or its employees as needed and when new general managers are hired. New general managers must attend and complete training to Franchisor's satisfaction within thirty (30) days of being hired. In addition to paying Franchisor the additional training fee for the general manager and/or Franchisee's employees, Franchisee will be responsible for all travel, lodging, meals, and other expenses Franchisor incurs in providing the additional training. Currently, the additional training fee is Two Hundred Fifty Dollars ($250.00) per hour for additional training provided at Franchisor's company-owned location, online or by phone and Four Thousand Dollars ($4,000.00) per day for additional training provided at the Franchised Business. Franchisor reserves the right to modify the additional training fee in its sole discretion upon ten (10) days' written notice to Franchisee.

In its sole discretion, Franchisor will periodically advise and offer general business guidance to Franchisee by telephone, e-mail, newsletters and other methods on a variety of business matters, including operational methods, accounting procedures, authorized services or products and marketing and sales strategies. Franchisor's guidance is based on its Affiliate's operation of the company-owned locations, knowledge and experience and its advice related to the operation of the Franchised Business is for educational purposes only and to ensure compliance with Franchisor's standards and specifications.

D. Training Program for Franchisee's Employees

Franchisor may, from time to time, require or permit Franchisee to implement, at its expense, programs for the training of some or all of its employees. Prior to training any of its employees, Franchisee's training programs must be certified by Franchisor as meeting Franchisor's standards and specifications. Franchisor may withhold certification if Franchisor determines, in its sole discretion, that Franchisee's training programs do not meet Franchisor's standards and specifications.

SECTION 10
CONFIDENTIAL OPERATIONS MANUAL AND CONFIDENTIAL INFORMATION

A. Confidential Operations Manual

During the Initial Term, Franchisor shall loan Franchisee one (1) copy of the Confidential Operations Manual. The Confidential Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Franchised Business in accordance with Franchisor's standards and specifications are essential to preserve the goodwill of the Proprietary Marks. Therefore, Franchisee agrees to conduct the Franchised Business in strict compliance with each and every provision of the Confidential Operations Manual, as amended by Franchisor from time to time. Franchisor has the right to add to or otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Upon receiving notice of the additions or modifications, Franchisee must immediately adopt any such changes and shall ensure that its copy of the Confidential Operations Manual is up-to-date at all times. Franchisee understands and acknowledges that such compliance may require Franchisee to incur increased costs.

If a dispute as to the contents of the Confidential Operations Manual arises, the terms of the master copy of the Confidential Operations Manual maintained by Franchisor at Franchisor's company-owned locations shall be controlling.

Franchisee agrees to maintain the Confidential Operations Manual as confidential and maintain the information in the Confidential Operations Manual as secret and confidential. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Confidential Operations Manual. If Franchisee's copy of the Confidential Operations Manual is lost, destroyed or significantly damaged, Franchisor agrees to provide a replacement copy to Franchisee and may charge Franchisee a fee to cover its costs in providing the replacement copy; provided, however, if Franchisor has made an online Confidential Operations Manual accessible to Franchisee, Franchisee may utilize the online Confidential Operations Manual instead of obtaining a replacement Confidential Operations Manual.

The Confidential Operations Manual shall, at all times, remain the sole property of Franchisor and shall be promptly returned to Franchisor upon the expiration or termination of this Agreement.

B. Confidential Information

Franchisee acknowledges and agrees that the methods, processes, skills, know-how, techniques, information, trade practices, databases, software and other proprietary data relating to the development and operation of the Franchised Business is derived entirely from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential, and constitutes trade secrets of the Franchisor. Franchisee shall at all times use its best efforts to keep the Confidential Information confidential and shall limit access to the information to employees of Franchisee on a need-to-know basis. Franchisee agrees to adhere fully and strictly to all confidentiality attached to such information and to exercise the highest degree of diligence in safeguarding Confidential Information during and after the term of this Agreement. Franchisor has the right to require certain individuals employed by or involved with the Franchised Business to execute a standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as **Exhibit E**.

Franchisee acknowledges that the unauthorized use or disclosure of Confidential Information will cause irreparable injury to the Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that it shall not at any time, without Franchisor's prior written consent, disclose, use, permit the use thereof, copy, duplicate, record, transfer, transmit, or otherwise reproduce such Confidential Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source, except as may be required by applicable law or authorized by this Agreement. Disclosure of the Confidential Information may be made in judicial or administrative proceedings, but only to the extent Franchisee is legally compelled to disclose the Confidential Information and provided that Franchisee first gives Franchisor the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

SECTION 11
AUTHORIZED PRODUCTS AND APPROVED SUPPLIERS

A. Authorized Products

Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality Products and customer service to its customers. Accordingly, Franchisee shall provide or offer for sale or use only those Products that Franchisor from time to time approves and that comply with Franchisor's specifications and quality standards. Franchisee agrees not to, without Franchisor's prior written consent, prepare, sell, dispense, give away or otherwise provide Products or other items except by means of retail sales, as provided in the Confidential Operations Manual. Franchisee agrees that it shall not sell any products and services that Franchisor has not authorized, and Franchisee agrees to discontinue offering or selling any products or services that are disapproved by Franchisor. Franchisor has the right to terminate this Agreement if unapproved products or services are offered, sold, or provided by the Franchised Business or Franchisee prepares, sells, dispenses, gives away, or otherwise provides Products or other items by means other than retail sales without Franchisor's prior consent.

Franchisor has the right, without limit, to modify, add, or enhance the types of authorized products and services that Franchisee is required to offer and sell. Franchisor has the right to set maximum prices for the authorized products and services that Franchisee is required to sell, and Franchisee must not exceed the maximum price, even if the prices are lower than prevailing prices in the relevant market, unless otherwise approved by Franchisor.

Franchisor has the right to allow certain products and services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on various factors, including test marketing, a franchisee's qualifications, and regional or local differences.

B. Improvements to System

Franchisee acknowledges and agrees that if Franchisee develops any concept, process, design, service, or improvement in the operation or promotion of the Franchised Business, Franchisor will be deemed to own the improvements and may use them and authorize other franchisees to use them in the operation of their respective businesses without any obligation to compensate Franchisee. Any such improvements will also constitute Confidential Information.

Franchisee shall, at any time requested by Franchisor, execute assignments or other similar documents of all such intellectual property to the Franchisor, including but not limited to, worldwide copyrights, moral rights, patents, right to obtain registrations, renewals, and reissues, and any and all such other rights of whatever kind now known or hereafter devised.

C. Approved Suppliers

Franchisee agrees to purchase products, supplies, equipment, materials, services, and other items required for the operation of the Franchised Business from designated suppliers approved by Franchisor, which may include and be limited to Franchisor or its Affiliates. A list of approved suppliers and standards and specifications for the products, supplies, equipment, materials, and other items required for operation of the Franchised Business are included in the Confidential Operations Manual and Franchisor may modify the list of approved suppliers or standards and specifications from time to time. If Franchisor or its Affiliates are designated as an Approved Supplier for any such products, suppliers, signs, equipment or other specified items and services, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliates.

Franchisor has the right to issue new standards and specifications through written notices and may review its prior approval of any goods, services, equipment, or suppliers in its sole discretion and as it sees fit. Franchisor shall notify Franchisee in writing if Franchisor's approval of goods, services, equipment, or suppliers is revoked. Franchisee must immediately cease purchasing disapproved goods or services, or must immediately cease purchasing goods or services from a disapproved supplier.

D. Request for Approval of New Supplier, Good, Service, or Equipment

If Franchisee desires to utilize any services, products, supplier, or equipment that Franchisor has not approved (for services and products that require supplier approval), Franchisee must submit such request, including the basis for the request, via email to jlamble@behappypiecompany.com. Approval is made on a case-by-case basis, and determined by Franchisor, in its sole discretion. Franchisor will make commercially reasonable efforts to determine whether to approve the requested service, product, supplier, or equipment within thirty (30) days after receiving the required information and Franchisor will provide written notice of its approval or disapproval to Franchisee. Approval is made in Franchisor's sole discretion and as it sees fit, and may be conditioned on the ability to provide sufficient quantity of goods or equipment, the quality of goods, services or equipment, the price of the goods, services, or equipment, the production and delivery capability of the supplier, and the dependability and general reputation of the supplier or goods, services, or equipment. Franchisor may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees Franchisor pays to third parties in furtherance of the evaluation. If the request is approved, Franchisee may make purchases from the new supplier or purchase the new good, service, or equipment.

Franchisor may terminate or withhold approval of any product, service or equipment, or any supplier of such item, which does not meet Franchisor's quality standards by giving Franchisee written notice. If Franchisor provides such notice, Franchisee agrees to immediately stop purchasing from such supplier or using such product, service, or equipment in the Franchised Business.

Nothing in this Section 11 shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, any standards and specifications that Franchisor deems confidential.

SECTION 12
COMPUTER AND SOFTWARE REQUIREMENTS

A. <u>Computer System and Software</u>

Franchisee must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet Franchisor's standards and specifications outlined in the Confidential Operations Manual or otherwise designated by Franchisor in writing.

Franchisee is required to use the designated software in the operation of the Franchised Business, including but not limited to any online ordering system and point-of-sale system. Franchisee must pay any required fees to Franchisor or the approved supplier in order to use the software including but not limited to a monthly Technology Fee of 1% of monthly Gross Sales . The fees to use the software may be modified in Franchisor's or Franchisor's approved supplier's discretion. Franchisor reserves the right, without limitation, to modify or supplement the hardware or software required in the operation of the Franchised Business and Franchisee may be required to make and install substantial modifications to the computer system, software, or hardware during the Initial Term to efficiently operate the Franchised Business.

B. <u>Data</u>

Franchisee acknowledges and agrees that all data it provides and uploads to its computer system, and/or downloads from its computer system to Franchisor's system is (and will be) owned exclusively by Franchisor, and Franchisor has the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee.

In addition, all other data created and/or collected by Franchisee in connection with its computer system, or in connection with Franchisee's operation of the Franchised Business (including, but not limited to, consumer and transaction data), is and will be owned exclusively by Franchisor during the Initial Term, any successor term, and following termination or expiration of this Agreement or any successor agreement. Copies and/or originals of such data must be provided to Franchisor immediately upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the Initial Term and any successor term and solely for Franchisee's use in connection with the Franchised Business.

In connection with any use of data in the Franchised Business, Franchisee agrees to comply with all applicable laws pertaining to the privacy of consumer, employee, and transactional information.

SECTION 13
INSPECTIONS

A. Pre-Opening Inspection

Franchisor will conduct one (1) pre-opening inspection of the Franchised Business to ensure Franchisee is following Franchisor's standards and specifications. The Franchised Business may not open without Franchisor's written authorization after the pre-opening inspection has been completed and Franchisee has successfully demonstrated that it is complying with Franchisor's standards and specifications. Franchisor's authorization for opening the Franchised Business is limited solely to reviewing and confirming compliance with Franchisor's standards and specifications and does not warrant, represent, guarantee, or assure that the Franchised Business will be successful, profitable, or meet Franchisee's expectations.

B. Post-Opening Inspections

Franchisor conducts scheduled and unscheduled post-opening inspections of the Franchised Business in Franchisor's sole discretion to determine compliance with Franchisor's standards and specifications including but not limited to food preparation, establishment cleanliness, and customer service. Franchisor will conduct the inspections during regular business hours. Franchisor reserves the right to conduct as many post-opening inspections per year as it deems necessary.

C. Quality Control Programs

Franchisor may, in its sole discretion, establish quality control programs, including food safety programs, "secret shopper" programs, interactive voice response customer satisfaction measurement programs and/or "customer intercept" programs, to ensure the highest quality of service and food products are being provided throughout the franchise system. Franchisee shall participate in any such quality control programs and bear its pro-rata share, as determined by Franchisor in its sole discretion, of the costs of any such program.

Franchisor reserves the right to publish or disclose to other franchisees, in any manner or format Franchisor deems appropriate in its sole discretion, any information that Franchisor collects, produces or maintains in connection with such quality control programs. Franchisor also reserves the right to publish or disclose to third parties in an aggregate anonymous format any information that Franchisor collects, produces or maintains in connection with such quality control programs.

If Franchisee receives an unsatisfactory or failing report in connection with any such program, Franchisee must immediately implement any remedial actions Franchisor requires and pay Franchisor all expenses it incurs to have the evaluation service re-evaluate the Franchised Business (as well as all expenses Franchisor may have incurred to inspect the Franchised Business thereafter) together with any costs or incidental expenses that Franchisor incurs.

SECTION 14
FEES

A. Royalty Fee

On the tenth (10th) of each month, Franchisee shall pay to Franchisor an amount equal to five percent (5%) of the Gross Sales of the Franchised Business for the immediately preceding month. The Royalty Fee shall be paid by electronic funds transfer ("EFT") from Franchisee's bank account through an automatic debit system. Additionally, Franchisee shall provide a report of the Gross Sales for the preceding month by email on the tenth (10th) day of the month and the monthly report shall be in a form specified by Franchisor. The report shall fully disclose all information requested and Franchisee must supply documentation supporting the information disclosed on the reports upon Franchisor's written request.

B. Annual Convention Fee

Franchisee, if Franchisee is an individual, or an owner, if Franchisee is a legal entity, and the general manager will be required to attend the annual convention for continuing education and training if Franchisor elects to host an annual convention. To attend the annual convention, Franchisee must pay the Annual Convention Fee and will be responsible for all costs and expenses incurred by Franchisee and its employees in attending the convention including but not limited to all travel, lodging, meals, and other expenses.

C. Technology Fee

Franchisee must pay the monthly Technology Fee of one percent (1%) of monthly Gross Sales to Franchisor or suppliers approved by Franchisor for access to and use of software and technology required to be used in the operation of the Franchised Business. The amount of the Technology Fee may be modified in Franchisor's discretion upon thirty (30) days' written notice to Franchisee.

D. Late Fee

If any fee or any other amount due under this Agreement is not received within five (5) days after such payment is due, Franchisee shall pay Franchisor a Late Fee of ten percent (10%) of the overdue amount per month for each month such amount is past due. In addition, Franchisee shall pay interest equal to the lesser of the daily equivalent of eighteen percent (18%) per annum on the overdue amount per year, or the highest rate then permitted by applicable law, for each day such amount is past due.

E. Electronic Transfer

Franchisor requires all Royalty Fees, Marketing Fund Fees, and any other amounts due to Franchisor to be paid through EFT. Franchisee shall give Franchisor authorization, in a form designated or approved by Franchisor, to initiate debit entries or credit correction entries to the

Franchised Business's operating account for payments of any fees due to Franchisor and other amounts due under this Agreement, including any applicable interest charges. Franchisor does not have a standard form of an EFT authorization document, but a sample form is attached hereto and incorporated by reference as **Exhibit F**. The form may vary based on Franchisee's or Franchisor's banking institution. Franchisee shall make the funds available in the operating account for withdrawal by electronic transfer no later than the due date of the payment.

F. Franchisor's Right to Offset

Franchisor shall have the right at any time before or after termination of this Agreement, without notice to Franchisee, to offset any amounts or liabilities that may be owed by the Franchisee to Franchisor against any amounts or liabilities that may be owed by Franchisor to Franchisee under this Agreement or any other agreement, transaction, or relationship between the parties.

Under no circumstances shall Franchisee have the right to offset any amounts or liabilities that may be owed by the Franchisor to Franchisee against any amounts or liabilities that may be owed by Franchisee to Franchisor under this Agreement or any other agreement, transaction or relationship between the parties.

SECTION 15
ADVERTISING AND PROMOTIONAL ACTIVITIES

A. National Marketing Fund

Franchisor has established a Marketing Fund and each month Franchisee is required to contribute an amount up to one percent (1%) of the total monthly Gross Sales of the Franchised Business for the immediately preceding month. Franchisee's contribution to the Marketing Fund for each month must be received no later than the tenth (10th) day of the month. Company-owned locations owned by Franchisor and/or its Affiliates may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as franchisees.

Franchisor reserves the right to adjust the amount of the Marketing Fund contribution at any time and in its discretion; provided, however, that Franchisor shall notify Franchisee at least thirty (30) days before imposing or changing Marketing Fund Contribution requirements.

Franchisor has the exclusive right to direct all marketing programs financed by the Marketing Fund, including the right to control the creative concepts, materials, and endorsements. Franchisor has the right to determine the geographic market, media placement, and allocation of the Marketing Fund and has no obligation to administer the Marketing Fund in such a manner as to ensure that expenditures by the Marketing Fund are pro rata or that Franchisee will benefit directly from the conduct of marketing programs or from the placement of advertising.

The Marketing Fund may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs, including but not limited to purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firms to assist with marketing and advertising; and providing marketing materials to franchisees. The Marketing Fund may be used to meet any and all costs reasonably related and incident to administering the Marketing Fund and its related programs, including administrative costs. Franchisor will not use the Marketing Fund to solicit new franchisees under any circumstances.

The Marketing Fund will be accounted for separately from Franchisor's other funds. However, the Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations to its franchisees with respect to the Marketing Fund or with the monies collected. Franchisor is permitted to spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year. Any part of the Marketing Fund contributions that are not spent during the fiscal year will remain in the Marketing Fund to be used in the next fiscal year.

Franchisor may, in its sole discretion, decide to terminate or suspend the Marketing Fund at any time; provided, however, that the Marketing Fund will not be terminated unless and until all Marketing Fund contributions have been expended for advertising and promotional purposes or returned to franchisees on a pro rata basis based on the total Marketing Fund contributions made by each franchisee.

B. Local Advertising

Franchisee is required to spend two percent (2%) of Franchisee's monthly Gross Sales on local advertising. Franchisee is permitted to create and use its own marketing and advertising materials to advertise the Franchised Business; provided, however, that such marketing and advertising materials are submitted to and pre-approved in writing by Franchisor before such materials are used and all materials expressly state that Franchisee is an independently owned and operated franchise of Be Happy Pie Company Franchising, LLC. Franchisor will make commercially reasonable efforts to notify Franchisee of its approval or disapproval of the proposed advertising material within thirty (30) days after Franchisor receives all the necessary information for review. If Franchisor does not approve of the proposed materials within the specified timeframe, then they shall be deemed to be disapproved. Franchisor may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time. Franchisee agrees not to use any marketing materials that Franchisor has disapproved.

C. Grand Opening Advertising

Franchisor will conduct the required Grand Opening Marketing Campaign for Franchisee, at Franchisee's expense, during the one (1) month period before the opening of the Franchised Business and the one (1) month period after the opening of the Franchise Business. Franchisee must pay Franchisor a grand opening marketing fee of Two Thousand Five Hundred Dollars ($2,500.00) to conduct the Grand Opening Marketing Campaign. Franchisee may, but is not required to, spend more than the required fee for the Grand Opening Marketing Campaign.

D. Internet and Social Media

Franchisee shall not set up, maintain or utilize an Internet website, home page, or other social media site to advertise the Franchised Business or sell Products without the Franchisor's prior written consent. Franchisor retains the sole right to advertise and sell the Products online and to use the Proprietary Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, e-commerce, social media and co-branding arrangements.

Franchisor has established and maintains an Internet website that provides information about the System and the Products that Franchisor and its franchisees provide. Franchisor reserves the right to use this uniform resource locator, or any other that it may acquire in the future, in Franchisor's sole discretion. Franchisor may include a section or an interior page containing information about the Franchised Business. Franchisor has the right to require Franchisee to prepare all or a portion of the section or page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting.

Franchisee shall not cause or allow the Proprietary Marks to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with any Internet website, home page, or social media site without the Franchisor's express prior written consent, which Franchisor may grant or withhold in its sole discretion. If Franchisor provides its consent to such use, then Franchisee may only use the Proprietary Marks in accordance with Franchisor's procedures, standards and specifications as established from time to time.

SECTION 16
PROPRIETARY MARKS

Upon the terms and conditions of this Agreement, Franchisor hereby grants Franchisee the right to use the Proprietary Marks in the operation of the Franchised Business. Franchisee expressly acknowledges that Franchisor is the owner of the Proprietary Marks and understands that Franchisee's right to use the Proprietary Marks is derived solely from this Agreement, is non-exclusive, and is limited to use in the operation of the Franchised Business in compliance with this Agreement and Franchisor's standards, specifications, and operating procedures. Franchisee shall not acquire any ownership rights in the Proprietary Marks and shall not represent in any manner that Franchisee has acquired such ownership rights. Franchisee acknowledges and agrees that any and all goodwill associated with the System and identified by the Proprietary Marks shall inure directly and exclusively to the benefit of the Franchisor.

Franchisee shall use the Proprietary Marks only in such manner as authorized by the Franchisor and shall not use the Proprietary Marks in Franchisee's business entity name (if Franchisee is a business entity) or in connection with offering, selling, or advertising any unauthorized products or services. Any unauthorized use of the Proprietary Marks by Franchisee shall constitute a breach of this Agreement. Franchisee understands and agrees that any use of the Proprietary Marks other than in accordance with this Agreement, the Confidential Operations Manual, or otherwise directed in writing by the Franchisor, without the Franchisor's prior written consent, is an infringement of Franchisor's rights in the Proprietary Marks. Franchisee expressly covenants that, during the Initial Term and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest the validity of the ownership of the Proprietary Marks or Franchisor's right to use and sublicense the Proprietary Marks, or aid others in infringing or contesting the Franchisor's right, title, and interest in the Proprietary Marks. Franchisee acknowledges that the unauthorized use of the Proprietary Marks will cause irreparable injury to the Franchisor and that damages are not an adequate remedy.

Franchisor reserves the right to modify or discontinue use of any Proprietary Mark, or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols in Franchisor's sole discretion. If Franchisor exercises such right, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Proprietary Marks within fifteen (15) days after notice from the Franchisor. Any and all expenses or costs incurred by Franchisee associated with such modification or discontinuance of any new, modified, or substitute Proprietary Marks shall be the sole responsibility of Franchisee. In no event, will the Franchisor be liable to Franchisee for any purported loss or damage to the Franchised Business due to the modification or discontinued use of the Proprietary Marks.

Franchisee must notify the Franchisor immediately of any infringing or unauthorized use of or claim by any person of any rights in the System or the Proprietary Marks. Franchisee shall not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have the sole right to handle disputes with third-parties concerning the Proprietary Marks and/or the System. If Franchisor undertakes the defense or prosecution of any litigation pertaining to the Proprietary Marks, Franchisee must reasonably sign any documents and do acts and things as may, in Franchisor's attorneys' opinion, be necessary to the defense or prosecution. Franchisor is not obligated to defend Franchisee's right to use the Proprietary Marks or against claims of infringement or unfair competition arising out of Franchisee's use of the Proprietary Marks.

SECTION 17
INSURANCE

A. Insurance Coverage Requirements

Franchisee is solely responsible for obtaining and maintaining in full force and effect all insurance necessary to operate the Franchised Business and in such coverages, limits and amounts as may be required from time to time by Franchisor, the Confidential Operations Manual, or otherwise directed in writing, including, but not limited to:

i. General liability insurance with a minimum limit of $1 million per occurrence (combined single limit for bodily injury and property damage) and $2,000,0000 in the aggregate;
ii. Workers' compensation insurance with a minimum limit of the greater of $1,000,000 or the minimum limit your state law requires;
iii. Employer practices and liability insurance with a minimum limit of $1,000,000; and
iv. Any other insurance required by the state or locality in which the Franchised Business is located.

All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. The insurance policies may not be canceled or modified without thirty (30) days' prior written notice to Franchisor.

Franchisor reserves the right to reasonably increase the required policies and minimum amounts of coverage in Franchisor's discretion to reflect changes in standards of liability, industry standards, or other relevant changes in circumstances. If Franchisor increases the required policies and minimum amount of coverage, Franchisor will provide Franchisee with thirty (30) days written notice.

B. Proof of Insurance

Prior to opening the Franchised Business, Franchisee shall deliver to Franchisor proof of insurance coverage by way of a signed original certificate or certificates of all required insurance policies which shall contain the authorized agent's business name, address and phone number, together with a statement by the insurer that the policy will not be canceled or materially changed without at least thirty (30) days prior written notice to the Franchisor that the alteration or cancellation is being made. All insurance coverages will be underwritten by a company approved by the Franchisor. Franchisee shall annually provide Franchisor with certificates of insurance demonstrating that Franchisee is maintaining compliance with Franchisor's insurance requirements.

Insurance coverage obtained by Franchisee pursuant to this Agreement will not relieve Franchisee of any liability under any indemnity provisions of this Agreement.

C. Franchisee's Failure to Procure Insurance

If Franchisee fails to procure or maintain the insurance required by this Agreement, the Confidential Operations Manual, or as otherwise directed in writing by the Franchisor and fails to commence reasonable efforts to cure such breach within ten (10) days after receiving a notice of default, Franchisor will have the right, but not the obligation, to procure such insurance on behalf of Franchisee. Franchisee shall pay the Franchisor the cost of obtaining such insurance, plus a ten percent (10%) administrative surcharge. Such costs, premiums, and fees will be payable by Franchisee immediately upon Franchisor's demand and will accrue interest thereon until paid.

SECTION 18
INDEMNIFICATION

Franchisee agrees to protect, defend, indemnify, and hold Franchisor and its Affiliates, their respective owners, members, managers, employees and agents, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys', accountants' and other related fees) which arise from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or Franchisor's Affiliates); (d) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (e) infringement, violation or alleged infringement or violation of any Proprietary Marks, patent or copyright or any misuse of Franchisor's Trade Secrets or other Confidential Information. The obligations of this Section 18 shall expressly survive the termination of this Agreement.

SECTION 19
RECORDKEEPING, REPORTS AND ACCOUNTING

A. Books, Records, and Accounts

Franchisee shall maintain and preserve full, complete, and accurate books, records, and accounts in accordance with GAAP, applicable law, and the Franchisor's standards and specifications for at least six (6) years following the end of the calendar year to which they relate. Franchisee shall record all sales, receipts of revenue, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

Franchisee shall deliver reports to the Franchisor no later than the tenth (10^{th}) day of the following month during the term of this Agreement in a form that Franchisor approves or provides in the Confidential Operations Manual. Franchisee must also submit such other miscellaneous forms, reports, records, financial statements, and other information relating to the Franchised Business to Franchisor as Franchisor may reasonably request, in the form and at the times and places specified by Franchisor.

B. Financial Statements

Franchisee shall deliver to Franchisor, no later than fifteen (15) days from the end of each quarter, a balance sheet as of the last day of the preceding quarter and an income statement for the preceding quarter, along with any other sales data as requested by Franchisor, in the manner and at the time specified in the Confidential Operations Manual or otherwise provided in writing by Franchisor. All financial statements delivered to Franchisor by Franchisee shall be certified by Franchisee as true and correct.

Franchisee shall deliver to Franchisor financial statements, which have been compiled and reviewed by a certified public accountant, within ninety (90) days after the close of Franchisee's fiscal year for each year during the Initial Term that reflects the financial condition of the Franchised Business at the end of such fiscal year. Such statements shall be in accordance with GAAP, applicable law, and the Franchisor's standards and specifications.

Franchisee shall submit to Franchisor copies of Franchisee's federal, state, and city income tax and sales tax returns, within fifteen (15) days after their respective filing, during the Initial Term.

Franchisor shall have the right to release financial and operational information relating to the Franchised Business in the franchise disclosure document or to prospective franchisees as permitted by applicable franchise laws.

If Franchisee fails to submit the required financial statements and reports to Franchisor within the prescribed time period, Franchisor may, in its sole discretion, perform an operational audit of the Franchised Business in accordance with Section 19(C) of this Agreement.

C. Franchisor's Right to Audit

Franchisor reserves the right to examine, audit, or copy Franchisee's books, records, tax returns, accounts, and such statistical and other information or records the Franchisor requires Franchisee to maintain and preserve. Examinations and audits may take place without prior notice, during normal business hours or at reasonable times and Franchisor may audit and inspect documents covering a period beginning with the date on which Franchisee first acquired the Franchised Business and ending on the date such audit is concluded. Inspections and audits may be conducted following the termination of this Agreement for any reason and Franchisee must provide such other assistance as may be reasonably requested related to the audit.

If the audit or any other inspection reveals that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay Franchisor the amount of the underpayment plus interest from the date the amount was due until paid at the rate of eighteen percent (18%) per annum or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher.

If the audit or any other inspection reveals that Franchisee has understated its Gross Sales by more than three percent (3%), then Franchisee shall pay any and all costs and expenses connected with the audit and inspection including without limitation travel expenses and reasonable accounting and attorneys' fees. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

SECTION 20
DEFAULT AND TERMINATION

A. Termination by Franchisor

Franchisor may terminate this Agreement for good cause without prejudice to the enforcement of any legal or equitable right or remedy immediately upon giving written notice of such termination and the reason or cause for the termination, and, except as hereinafter provided, without providing Franchisee an opportunity to cure the default. Without in any way limiting the generality of the meaning of the term "good cause," the following occurrences shall constitute sufficient basis for Franchisor to immediately terminate the Agreement:

i. Franchisee fails to select a location for the Approved Location within ninety (90) days of the Effective Date;

ii. Franchisee fails to open the Franchised Business within three hundred sixty (360) days of the Effective Date or two hundred seventy (270) days after signing a lease or purchase agreement for the Approved Location, whichever is less;

iii. Franchisee, or if Franchisee is a legal entity, its Principals, fails to satisfactorily complete the Initial Training Program;

iv. Franchisee abandons the Franchised Business by failing to operate the Franchised Business for five (5) consecutive days without the Franchisor's prior approval;

v. Franchisee makes any materially false statement or report to Franchisor in connection with acquiring the Franchised Business;

vi. Franchisee sells or offers for sale any products or services which have not been previously approved by the Franchisor in writing, or which have been subsequently disapproved;

vii. Franchisee uses the Proprietary Marks in an unauthorized manner contrary to, or inconsistent with, this Agreement or Franchisor's policies, standards or specifications as stated in the Confidential Operations Manual, or as otherwise directed in writing by the Franchisor;

viii. Franchisee discloses or causes to be disclosed any Confidential Information provided to Franchisee contrary to the provisions of this Agreement or fails to exercise reasonable care to prevent such disclosure;

ix. Franchisee engages in or opens a Competitive Business during the Initial Term;

x. Franchisee makes or attempts to make an unauthorized transfer without Franchisor's approval or fails or refuses to assign the Franchised Business or the interest in Franchisee of a deceased or incapacitated Principal thereof as required by this Agreement;

xi. Franchisee fails to operate the Franchised Business in strict compliance with all applicable laws, ordinances, rules, regulations and orders of governmental authorities pertaining to the maintenance and operation of the Franchised Business including, without limitation, those relating to health, safety, sanitation, employment, licensure, and taxation;

xii. Franchisee receives more than three (3) valid notices of default in the same twelve (12) month period, regardless of whether previous defaults have been cured;

xiii. Franchisee understates its Gross Sales by more than three percent (3%) for any month on two (2) or more separate occasions at any time during the Initial Term and such understatement is not due to inadvertent error;

xiv. Franchisee, or if Franchisee is a legal entity, its Principals, are convicted of, or pleads no contest to, any felony or crime of moral turpitude regardless of the nature thereof, or any other crime or offense relating to the operation of the Franchised Business;

xv. Franchisee engages in any conduct which reflects materially and unfavorably upon the operation of the Franchised Business, the Proprietary Marks, or the System generally;

xvi. Franchisee defaults under any other agreement between Franchisor and Franchisee or Affiliate and Franchisee and such default authorizes Franchisor or Affiliate to terminate the agreement;

xvii. Franchisee fails to pay any amount due to Franchisor within five (5) days of receiving notice of default; or

xviii. Franchisee becomes insolvent, is adjudicated as bankrupt, or files any action or petition of insolvency; if a receiver or other custodian is appointed for the Franchised Business or assets; if Franchisee make a general assignment for the benefit of its creditors; or if a final judgment remains unsatisfied of record for at least thirty (30) days.

Franchisor has the right to terminate this Agreement if Franchisee is in default of any of the terms of this Agreement, other than those calling for immediate termination set forth above, if Franchisee fails to cure such default within thirty (30) days after receiving written notice of the default from Franchisor. Franchisor reserves the right to modify the time period within which Franchisee must cure defaults in its discretion.

If Franchisor is entitled to terminate this Agreement in accordance with this Section 20(A), Franchisor will also have the right to take any lesser action instead of terminating this Agreement, including, but not limited to, exercising Franchisor's step in rights in accordance with Section 8(C) hereof. Notwithstanding the foregoing, if any rights, options, arrangements, or areas are terminated or modified in accordance with this Section 20(A), such action shall be without prejudice to our right to terminate this Agreement in accordance with this Section 20(A), and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

B. Termination by Franchisee

Franchisee may not terminate this Agreement prior to the expiration of the Initial Term, except through dispute resolution as set forth herein based upon a material breach of this Agreement by Franchisor; provided, however, that in the event that Franchisee claims that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than sixty (60) days from the date of receipt of notice by Franchisor from Franchisee. Failure by Franchisee to give notice shall constitute a waiver by Franchisee of any alleged default.

C. Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, no party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations to make payments to the other party hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted party's ("Impacted Party") control, including, without limitation, the following force majeure events ("Force Majeure Event(s)"): (a) acts of God; (b) flood, fire, earthquake, epidemics, pandemics, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns, or other industrial disturbances; and (h) shortage of adequate power or transportation facilities. The Impacted Party shall immediately resume performance as soon as possible and in no event shall non-performance be excused for more than one hundred eighty (180) days unless mutually agreed in writing by the parties.

SECTION 21
POST-TERMINATION OBLIGATIONS

A. Franchisee Post-Termination Obligations

Upon expiration or other termination of this Agreement, all rights granted under this Agreement to Franchisee will immediately terminate, and Franchisee shall:

i. immediately cease to operate the Franchised Business and will not directly or indirectly represent or give the impression to the public that it is a present franchisee of Franchisor;

ii. pay all amounts due to Franchisor, including Liquidated Damages, within five (5) days of the termination or expiration of the Agreement;

iii. return the Confidential Operations Manual, other proprietary information, software, and all Trade Secrets and confidential materials owned or licensed by the Franchisor and provide a certificate of compliance within fifteen (15) days of the termination or expiration of the Agreement;

iv. return or discontinue use of all forms, agreements, advertising material, marks, devises, insignias, slogans, designs, signs, trade dress, and any computer systems including proprietary software and/or hardware and provide a certificate of compliance within fifteen (15) days of the termination or expiration of the Agreement;

v. cease to use any methods, procedures, or techniques associated with the System in which the Franchisor has a proprietary right, title, or interest and provide a certificate of compliance within fifteen (15) days of the termination or expiration of the Agreement;

vi. discontinue the use of all copyrights, Proprietary Marks, trade names and patents now or hereafter applied for or granted in connection with the operation of the Franchised Business and provide a certificate of compliance within fifteen (15) days of the termination or expiration of the Agreement;

vii. take such action as may be necessary to assign and transfer any interest Franchisee has in any lease for the Approved Location;

viii. take such action as may be necessary to transfer all phone numbers for the Franchised Business to the Franchisor and to cancel any fictitious, trade, or assumed name or equivalent registration that contains any Proprietary Marks or any variations thereof; and

ix. strictly comply with all other provisions of this Agreement pertaining to post-termination obligations, including, without limitation, all post-term restrictive covenants.

B. Franchisor's Right to Repurchase Products and Supplies

Upon the expiration or termination of this Agreement, Franchisor has the right, but not the obligation, to purchase any or all assets of the Franchised Business including equipment, supplies, and other inventory at Franchisee's cost within sixty (60) days of the termination or expiration date. If Franchisor elects to exercise this option to purchase, it has the right to offset the purchase price against any other amounts owed by Franchisee to Franchisor pursuant to this Agreement or any other agreement between Franchisee and Franchisor.

SECTION 22
TRANSFERS

A. Transfer by Franchisor

Franchisor has the right to assign this Agreement and any or all of its rights, obligations and privileges hereunder, in whole or in part, to any other person or entity without Franchisee's prior consent; provided, however, the assignee shall assume the obligations of Franchisor and Franchisor shall have no liability for performance of any obligations of this Agreement after the date of the assignment.

B. Transfer by Franchisee

If Franchisee is an entity, then each Principal and the interest that each Principal directly or indirectly holds in Franchisee, is identified in **Exhibit G** to this Agreement. Franchisee, if Franchisee is an entity, represents and warrants to Franchisor that its Principals are accurately set forth on **Exhibit G** to this Agreement, and Franchisee also agrees not to permit the identity of those Principals, or their respective interests in Franchisee, to change without complying with this Agreement. Franchisee acknowledges and agrees that its rights and duties stated in this Agreement are personal to Franchisee, and that Franchisor has entered into this Agreement in reliance on the business skill, financial capacity, and character of Franchisee. Accordingly, except as otherwise provided in this Section 22, neither Franchisee nor any Principal may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchised Business, the Franchised Business's assets, or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor ("Transfer"). Any and all unauthorized transfers without Franchisor's approval shall be void and shall constitute a material breach of this Agreement.

Franchisor's consent to a Transfer may be conditioned upon fulfilling the following requirements:

i. Franchisee notified Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms, conditions and fees of the proposed transfer in the manner prescribed by the Franchisor to comply with Franchisor's right of first refusal as set forth in Section 22(F) of this Agreement;

ii. Franchisee complied with the requirements of this Agreement, including paying all amount due to Franchisor or its Affiliates;

iii. The transferee meets all of Franchisor's then-current standards and requirements, including management, business and financial standards, and possessing the character, reputation, and capabilities Franchisor requires to satisfactorily demonstrate transferee's ability to operate the Franchised Business;

iv. The transferee shall execute the then-current form of the franchise agreement generally being offered to franchisees and such agreement shall generally provide for a new term and may be materially different from this Agreement;

v. The transferee, if transferee is a legal entity, executes a personal guaranty in a form the same or similar to the guaranty attached as **Exhibit A**, agreeing to be personally bound jointly and severally by all provisions of the franchise agreement;

vi. The transferee agrees that the transferee shall complete the Initial Training Program to Franchisor's satisfaction before assuming the management of the day-to-day operation of the Franchised Business;

Franchisee signs a general release in a form the same as or similar to the General Release attached as **Exhibit B** of any and all claims against Franchisor and its Affiliates, including its owners, managers, members, partners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the Transfer of Franchisee's interest herein or to the Transfer of Franchisee's ownership of all or any part of the Franchised Business, except to the extent prohibited by the laws of the state where the Franchised Business is located;

vii. Franchisee or transferee shall pay a transfer fee in an amount equal to Fifteen Thousand Dollars ($15,000.00), which is intended to cover Franchisor's costs and expenses associated with the Transfer. Franchisee and transferee acknowledge that such a transfer fee is appropriate;

viii. If Franchisee or any Principal finance any part of the sale price of the transferred interest, Franchisee and its Principals must agree that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that Franchisee or its Principals have reserved in the Franchised Business are subordinate to the transferee's obligations to pay any amounts owing to Franchisor under any agreement between the transferee and Franchisor; and

ix. Transferee has obtained all necessary types of insurance as described in this Agreement.

Franchisor has the right to provide the transferee any and all records Franchisor maintains relating to this Agreement or the Franchised Business. Franchisee hereby agrees to release and hold Franchisor harmless from and against any claim, loss, or injury resulting from providing transferee with such records.

Franchisor's consent to a Transfer that is the subject of this Section 22 shall not constitute a waiver of any claims that Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

C. Transfer to a Controlled Entity

Franchisee may transfer this Agreement or any interest herein to a legal entity wholly owned by Franchisee that is formed for the financial planning, tax, or other convenience of Franchisee with the prior approval of Franchisor ("Controlled Entity"). Franchisor shall approve a transfer to a Controlled Entity if the following conditions are fulfilled:

i. the Controlled Entity is newly organized and its charter or articles of formation provides that its activities are confined exclusively to the operation of the Franchised Business;

ii. Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

iii. all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to this Agreement;

iv. the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor. The term of the transferred franchise shall be the unexpired term of this Agreement;

v. all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

vi. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

vii. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

D. Securities Offers

All materials for an offering of equity, membership or partnership interests in Franchisee or any of Franchisee's Affiliates that are required by federal or state law shall be submitted to Franchisor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Franchisor for such review before their use. Accordingly, Franchisee agrees that:

i. no offering by Franchisee or any of Franchisee's Affiliates may imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of Franchisee's securities or Franchisee's Affiliates;

ii. Franchisor's review of any offering shall be limited solely to the relationship between Franchisee and Franchisor (and, if applicable, any of Franchisee's Affiliates and Franchisor); and

iii. Franchisor will have the right, but not obligation, to require that the offering materials contain a written statement that Franchisor requires concerning the limitations stated above. Franchisee (and the offeror if Franchisee is not the offering party), Franchisee's Principals, and all other participants in the offering must fully indemnify Franchisor, Franchisor's subsidiaries, Affiliates, successors, and assigns, and their respective directors, officers, shareholders, members, partners, agents, representatives, and employees in connection with the offering. For each proposed offering, Franchisee agrees to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Franchisee agrees to give Franchisor written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 22(D) commences. Any such offering shall be subject to all of the other provisions of this Section 22, and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Franchisor's approval as to the structure and voting control of the offeror (and Franchisee if Franchisee is not the offeror) after the financing is completed.

E. No Encumbrance

Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without Franchisor's prior approval.

F. Right of First Refusal

If Franchisee desires to sell or otherwise transfer the Franchised Business or any of its assets or an ownership interest in Franchisee, Franchisee shall obtain and deliver a bona fide, written offer to purchase and any supporting documents to Franchisor. Within thirty (30) days after Franchisor's receipt of the bona fide offer (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor has the right to exercise its right of first refusal to purchase the offered assets or interest for the same price and on the same terms and conditions contained in the bona fide offer delivered to Franchisor. After providing notice of Franchisor's intent to exercise its right of first refusal, Franchisor shall have sixty (60) days to purchase the offered assets or ownership interest. Franchisor has the right to substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

If Franchisor does not elect to exercise its right of first refusal within the specified time period above, Franchisee may accept the offer or proposal by the third-party, subject to Franchisor's prior written approval. If Franchisee does not close the sale within six (6) months after the offer is delivered to Franchisor or the terms of the offer or proposal are materially changed, Franchisor's right of first refusal shall renew and Franchisee must comply with the conditions of this Section 22(F) before selling the assets or ownership interest to a third-party.

G. Transfer Upon Franchisee's Death or Incapacity

Upon Franchisee's death or Incapacity (if Franchisee is an individual) or any Principal (if Franchisee is a business entity), the appropriate representative shall within a reasonable time, not to exceed sixty (60) days from the date of death or Incapacity, transfer the interest in the Franchised Business or Franchisee to a third party approved by Franchisor and subject to the conditions of Section 22(B); provided, however, if the Franchised Business is transferred by gift, devise or inheritance, it is not subject to Franchisor's right of first refusal. Failure to dispose of such interest within the specified period of time will constitute a material breach of this Agreement and Franchisor reserves the right to terminate this Agreement.

Following the death or Incapacity of Franchisee (if Franchisee is an individual) or any Principal (if Franchisee is a business entity), Franchisor may, but need not, assume the Franchised Business's management and provide services on behalf of the Franchised Business until the interest is transferred to a third party approved by Franchisor. All funds from the Franchised Business's operation while the Franchisor assumes its management will be kept in a separate account, and all of Franchisor's expenses will be charged to this account, including all travel, food, and lodging expenses incurred in the course of providing such services. Franchisor may charge Franchisee the Management Fee for the provision of services on behalf of the Franchised Business, plus the Franchisor's direct out-of-pocket costs and expenses for managing the Franchised Business. Such fee would be in addition to the Royalty Fee and all other fees due under this Agreement. In the event the Franchisor assumes management of the Franchised Business, the Franchisor has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Franchised Business incurs, or be liable to any of Franchisee's creditors.

SECTION 23
RESTRICTIVE COVENANTS

A. Non-Competition

During the Initial Term and for a period of three (3) years after the expiration or termination of this Agreement, regardless of the cause for termination, Franchisee shall not, either directly or indirectly:

i. Own an interest in, manage, operate, or provide assistance to any Competitive Business as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise within (i) the Territory; (ii) within a ten (10) mile radius of the Territory; or (iii) within a ten (10) mile radius of any other franchisee's territory operating at the time of termination or expiration of this Agreement; or

ii. Solicit or otherwise attempt to induce or influence any customer, employee, or suppliers to terminate or modify their business relationship with Franchisor, other franchisees, or to compete with Franchisor or other franchisees.

If Franchisee commits a breach of the restrictive covenants, the three (3) year restrictive period shall be tolled and start on the date that the former Franchisee is enjoined from competing or stops competing, whichever is later.

Nothing in this Agreement shall prevent Franchisee from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any Competitive Business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ) as long as Franchisee does not Control any such company.

B. Severability and Reasonableness of Restrictive Covenants

Franchisee acknowledges and agrees that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Franchisee further acknowledges and agrees that the foregoing restrictions limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. Franchisee expressly acknowledges that Franchisee possesses skills and abilities of a general nature and have other opportunities for exploiting these skills and enforcing the non-competition provisions in this Agreement will not deprive Franchisee of personal goodwill or the ability to earn a living.

C. Enforcement of Restrictive Covenants

Franchisee acknowledges and agrees that a violation of the terms of the restrictive covenants in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law is available. Accordingly, Franchisee hereby consents to the entry of an injunction, without bond, prohibiting any conduct by Franchisee in violation of the terms of the restrictive covenants set forth in this Agreement.

SECTION 24
NOTICES

All notices, requests, demands, payments, consents and other communications required under this Agreement shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, or other form of delivery which provides for a receipt and otherwise agreed to in writing by the parties, to the addresses listed below. Unless otherwise specified herein, notice shall be deemed to have been given on the day received if made by personal delivery, or electronic mail transmission sent before 5:00 pm local Indianapolis time, which such notice is effective the following business day, or on the day sent if made by certified mail. Either party may change its address by a written notice sent in accordance with this Section 24.

FRANCHISOR:

Be Happy Pie Company Franchising, LLC
2818 Mount Vernon Avenue, Suite B
Evansville, Indiana 47712

With a copy to:

Stephanie L. Maris, Esq.
Cohen Garelick & Glazier, P.C.
8888 Keystone Crossing Blvd.
Suite 800
Indianapolis, IN 46240
smaris@cgglawfirm.com

FRANCHISEE

____

____

____

SECTION 25
DISPUTE RESOLUTION AND GOVERNING LAW

A. Mediation

All claims or disputes between Franchisee and Franchisor (or its Affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its Affiliates), or any of the parties' respective rights and obligations arising from such agreement must be submitted to non-binding mediation to take place in the county of Franchisor's then-current corporate headquarters in accordance with the American Arbitration Association ("AAA") Commercial Mediation Rules then in effect, unless otherwise mutually agreed in writing by the parties. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. Notwithstanding this, Franchisor shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating) (1) any intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (2) any of the restrictive covenants contained in this Agreement; or (3) any of Franchisee's payment obligations under this Agreement.

B. Litigation

Franchisee and Franchisor agree that any claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief and/or where either party is suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor on whatever theory, and whether or not arising out of this Agreement ("Claim") that was not resolved during mandatory non-binding mediation must be brought in the state or federal court having jurisdiction in the county in which Franchisor's then-current headquarters is located. The parties agree that this Section 25(B) shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. The parties waive any questions of personal jurisdiction or venue for the purpose of carrying out this provision.

C. Governing Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C 41051 et al), this Agreement shall be interpreted under the laws of the State of Indiana and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, of the State of Indiana, which laws shall prevail in the event of any conflict of law.

D. Injunctive Relief

Franchisee acknowledges and agrees that adherence to the terms and conditions of this Agreement are necessary to protect the value of the Franchisor's business, the System, and the Proprietary Marks. Franchisee therefore acknowledges and agrees that in the event of a breach or a threatened breach by Franchisee relating to Confidential Information, the Proprietary Marks, or restrictive covenants would result in irreparable injury to Franchisor. Accordingly, Franchisor shall be entitled to obtain injunctive relief, without posting bond, against any such breach. Franchisee acknowledges and agrees that seeking or obtaining injunctive relief shall not preclude Franchisor from making a claim for damages or other relief available at law or in equity.

E. Liquidated Damages

In the event this Agreement is terminated due to Franchisee's default, Franchisee shall pay to the Franchisor an amount calculated as follows (hereinafter referred to as "Liquidated Damages"):

i. the average amount of the monthly Royalty Fees and Marketing Fund contribution that Franchisee paid and/or owed to Franchisor under this Agreement for the immediately preceding twelve (12) month period from the date of termination for the number of months you have operated the Franchised Business;

ii. multiplied by the lesser of thirty-six (36) months or the number of months and any partial months remaining in the Term.

The foregoing remedy shall not constitute a waiver of Franchisor's right to pursue other remedies to which Franchisor may be entitled at law, equity or pursuant to this Agreement for losses (other than lost future Royalties and Marketing Fund contributions) which Franchisor may incur as a result of Franchisee's default.

The parties intend that the Liquidated Damages constitute compensation, and not a penalty. The parties acknowledge and agree that the Franchisor's harm caused by a breach by Franchisee that led to termination of the Agreement would be impossible or exceedingly difficult to accurately estimate, and that the Liquidated Damages are a reasonable estimate of the anticipated or actual harm that may arise from such termination.

F. Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

G. Private Disputes

ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.

H. Cumulative Remedies

The rights and remedies provided in this Agreement are cumulative and neither Franchisee nor Franchisor will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

I. Attorneys' Fees

In any action arising out of or related to this Agreement (whether in state or federal court) whereby Franchisor is the prevailing party, Franchisor is entitled to recover from Franchisee all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting moneys owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator shall determine whether the Franchisor is the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party in relation to the remedies sought and the relative equities between the parties.

SECTION 26
COMPLIANCE WITH LAWS

Franchisee shall comply with all applicable federal and state laws, ordinances, rules, regulations and orders of governmental authorities pertaining to the maintenance and operation of the Franchised Business including, without limitation, those relating to health, safety, sanitation, employment, licensure and taxation. Franchisor has no obligation to advise Franchisee of any legislative or other legal developments that may affect its Franchised Business. Franchisee acknowledges and agrees that it is solely responsible for inquiring about and becoming familiar with all applicable laws, rules and regulations, and determining those actions required for compliance. Franchisee shall obtain any and all permits, certificates, and licenses required for the full and proper conduct of the Franchised Business. Any information Franchisor provides to Franchisee regarding applicable laws, rules or regulations does not relieve Franchisee of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, rules and regulations. Any violation of such laws, rules or regulations, as set forth in this paragraph, shall be deemed a default of this Franchise Agreement, and Franchisor may immediately terminate this Agreement.

SECTION 27
MISCELANEOUS

A. Waiver

No failure of Franchisor to enforce any rights or powers under this Agreement or to require strict compliance by Franchisee shall be construed as the waiver of such rights. Any waiver, including waiver of default, or acceptance of money or other performance by Franchisor from Franchisee, in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Franchisee shall not be deemed to have been excused from performance of any of its obligations pursuant to this Agreement, unless otherwise agreed to in writing and signed by an authorized representative of Franchisor and Franchisee.

B. Approvals and Consents

Whenever this Agreement requires Franchisor's advance approval, agreement or consent, Franchisee agrees to make a timely written request for it. Franchisor's approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, Franchisor has the absolute right to refuse any request by Franchisee or to withhold Franchisor's approval of any action or omission by Franchisee. If Franchisor provides Franchisee any waiver, approval, consent, or suggestion, or if Franchisor neglects or delays its response or denies any request for any of those, Franchisor will not be deemed to have made any warranties or guarantees which Franchisee may rely on, and will not assume any liability or obligation to Franchisee. In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld, delayed or conditioned any consent or approval of this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisor's sole remedy for the claim will be an action or proceeding to enforce this Agreement provisions, for a specific performance or for declaratory judgment.

C. Severability

If any part, Section, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the provision which is indefinite, invalid or unenforceable shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

D. No Other Beneficiaries

Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Franchisee, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

E. Modification

No amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee except by mutual written agreement.

F. Survival

Provisions of this Agreement which by their express terms or intent are designed to survive termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

G. Construction

All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement. As used in this Agreement, the words "include", "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval or authorization of Franchisor that Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion. In addition, on any occasion where Franchisor is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole judgment. Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

H. Counterparts

This Agreement may be signed by PDF file sent via electronic mail, in counterparts, and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

SECTION 28
ENTIRE AGREEMENT

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by its officers, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

SECTION 29
ACKNOWLEDGEMENTS

Franchisee hereby acknowledges the following:

A. FRANCHISEE WARRANTS AND REPRESENTS THAT FRANCHISEE HAS FULL POWER AND AUTHORITY TO ENTER INTO AND BE BOUND BY THIS AGREEMENT.

B. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND UNDERSTANDS AND ACKNOWLEDGES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS MAKING THE SUCCESS OF THE VENTURE PRIMARILY DEPENDENT UPON THE BUSINESS ABILITIES AND PARTICIPATION OF FRANCHISEE AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR.

C. FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS OFFICERS, EMPLOYEES, OR AGENTS, ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. FRANCHISEE REPRESENTS, AS AN INDUCEMENT TO FRANCHISOR'S ENTRY INTO THIS AGREEMENT, THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISED BUSINESS.

D. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS AGENT HAS PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS AGREEMENT, OR FOURTEEN (14) CALENDAR DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND COMPLETELY UNDERSTANDS ITS CONTENTS AND REQUIREMENTS.

E. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.

F. FRANCHISEE, TOGETHER WITH ITS ADVISERS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE

FRANCHISE.

FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER A DIFFERENT FORM OF AGREEMENT, AND CONSEQUENTLY THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

G. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR MAY APPOINT AN INDEPENDENT CONTRACTOR TO FULFILL FRANCHISOR'S OBLIGATIONS TO PROVIDE ASSISTANCE TO FRANCHISEE.

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement, as of the Effective Date written above.

FRANCHISEE:

____

By: _____________________

Title: ____________________

FRANCHISOR:

Be Happy Pie Company Franchising, LLC

By: ____________________________

Brandalyn Jared, Member

EXHIBIT A
PERSONAL GUARANTY OF FRANCHISE AGREEMENT

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement by and between Be Happy Pie Company Franchising, LLC ("Franchisor") and _________ ("Franchisee" or "Guarantor") and dated _________, the undersigned hereby jointly and severally guarantee unto Franchisor that the undersigned will perform and/or pay each and every covenant, payment, agreement, obligation, liability and undertaking on the part of Franchisee contained and set forth in or arising out of such Franchise Agreement, and every other agreement signed by the Franchisee with Franchisor (the "Obligations").

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any or all of the Obligations of the Franchisee to Franchisor, whether or not Franchisor or its successors have resorted to any property securing any of the Obligations or proceeded against any of the undersigned or any party primarily or secondarily liable on any of the Obligations; (b) release or compromise any Obligation of the Franchisee or of any of the undersigned hereunder or any Obligations of any party or parties primarily or secondarily liable on any of the Obligations; and (c) extend, renew or credit any of the Obligations of the Franchisee to Franchisor for any period (whether or not longer than the original period), alter, amend or exchange any of the Obligations, or give any other form of indulgence, whether under the Franchise Agreement or not.

Each of the undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the foregoing Franchise Agreement and other agreements and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from such Franchise Agreement, other agreements or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned jointly and severally agree to pay all expenses paid or incurred by Franchisor in attempting to enforce the Obligations and this Guaranty against Franchisee and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time or other indulgence granted from time to time by Franchisor or its agents, successors or assigns, with respect to the foregoing Obligations, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

The undersigned shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and the indemnification provisions contained in the Franchise Agreement.

If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement, as of the Effective Date written above.

GUARANTOR:

____

ACCEPTED AND AGREED TO:

Be Happy Pie Company Franchising, LLC

By: ____________________________
Brandalyn Jared, Member

EXHIBIT B
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this _________ by ____, ("Releasor") an individual/corporation/ limited liability company/partnership with a principal address of _______ ____, in consideration of: (check applicable provision)

_______ the execution by Be Happy Pie Company Franchising, LLC, an Indiana limited liability company ("Releasee"), of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to Releasor by Releasee pursuant to that certain Franchise Agreement (the "Franchise Agreement") between Releasor and Releasee; or

_______ Releasee's consent to Releasor's assignment of its rights and duties under the Franchise Agreement; or

_______ Releasee's consent to Releasor's assumption of rights and duties under the Franchise Agreement

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly Releasor hereby releases and discharges Releasee, Releasee's officers, directors, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and Releasee's successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that Releasor and Releasor's heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Release arising out of or related to the Franchised Business or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by Releasor and Releasee.

IN WITNESS WHEREOF, Releasor has executed this General Release as of the date first above written.

RELEASOR:

____

____

EXHIBIT C
CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **BE HAPPY PIE COMPANY FRANCHISING, LLC**, an Indiana limited liability company, with its principal business address located at 2818 Mount Vernon Avenue, Suite B, Evansville, Indiana 47712 ("**Franchisor**"), and ______________ whose current principal place of business is _____________ ("**Franchisee**").

BACKGROUND INFORMATION

Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _______________, with Franchisee, pursuant to which Franchisee plans to own and operate a Be Happy Pie Company franchise (the "**Franchised Business**") located at _____________________________ (the "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), Franchisee has leased or will lease certain space containing the Franchised Business described therein from ____________________________________ (the "**Lessor**"). The Franchise Agreement requires Franchisee to deliver this Assignment to Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

Franchisor and Franchisee agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.

3. **Indemnification**: Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment**: Franchisee hereby grants to Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory, licenses and supplies located in the Site and the franchise relating to the Franchised Business, and all of Franchisee's rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of Franchisee's breach of the Lease, then such payment by Franchisor, or such breach or default by Franchisee, shall at

Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of Franchisor under any other Agreements or under other applicable laws or equities. In addition, if Franchisor or its affiliates elects to acquire the assets of the Franchised Business or acquires the ownership interests of Franchisee, and Lessor agrees to Franchisor's assumption thereof, Franchisee will assign all of its rights to the Lease and the Site to Franchisor. This Assignment shall constitute a lien on the interest of Franchisee in and to the Lease until satisfaction in full of all amounts owed by Franchisee to Franchisor. In addition, the rights of Franchisor to assume all obligations under the Lease provided in this Assignment are optional on the part of Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, or any liens securing the initial bank financing for the development of the Franchised Business at the Site as provided in the Franchise Agreement. Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of Franchisee;

(c) to exclude Franchisee, its agents or employees from the Site;

(d) as attorney-in-fact for Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by Franchisee, for any cause or ground which would entitle Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of Franchisor; and

(g) to insure and reinsure the same for all risks incidental to Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee's default under the Lease.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between Franchisor and Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by Franchisor or any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by Franchisor of any such rights and remedies shall be construed as a waiver by Franchisor of any future rights and remedies.

9. **Binding Agreements**: This Assignment and all provisions hereof shall be binding upon Franchisor and Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**: This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, which may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or mediation or bankruptcy proceeding from the non-prevailing Party.

12. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment

or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

THE "FRANCHISEE":

____

By:______________________________

Print Name:________________________

Title:_____________________________

Date:_____________________________

THE "FRANCHISOR":

BE HAPPY PIE COMPANY FRANCHISING, LLC
an Indiana limited liability company

By:______________________________

Brandalyn Jared, Member

Date:_____________________________

If Individual(s):

Sign:_____________________________

Print Name:________________________

Date:_____________________________

Sign:_____________________________

Print Name:________________________

Date:_____________________________

The Lessor hereby consents, agrees with, approves of and joins in with this CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE.

THE "LESSOR":

By:______________________________

Print Name: _______________________

Title: ____________________________

Date:_____________________________

EXHIBIT D
<u>TERRITORY</u>

1. The Site Selection Territory referred to in Section 5 of the Agreement shall be:

____
____
____

2. The Approved Location shall be located at:

____
____
____

3. The Territory referred to in Section 6 of the Agreement shall be:

____
____
____

4. By execution hereof, Franchisor hereby acknowledges and approves the above stated Territory. The Franchisee acknowledges and warrants that Franchisor's acceptance of the Territory does not constitute a guarantee, recommendation, or endorsement of the Territory and does not guarantee the success of the Franchisee's Franchised Business.

FRANCHISEE:

____

By: ______________________

Title: ___________________________

FRANCHISOR:

Be Happy Pie Company Franchising, LLC

By: _____________________________
Brandalyn Jared, Member

EXHIBIT E
CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (SAMPLE)

In consideration of, and as an inducement to, employment with _________ ("Franchisee"), this Confidentiality, Non-Disclosure and Non-Competition Agreement is entered into by and between Franchisee and ________________________ ("Employee") on this ______ day of______, ___ ______. Franchisee has entered into a franchise agreement for the operation of a Be Happy Pie Company franchise (the "Franchised Business"). Franchisee desires Employee to have access to and review certain trade secrets and Confidential Information through the course of employment at the Franchised Business and Franchisee is required by its Franchise Agreement to have Employee execute this Agreement prior to providing access to the trade secrets and Confidential Information. Accordingly, in consideration of the receipt and/or use of information proprietary to the Franchisor by Franchisee, agrees as follows:

1. CONFIDENTIALITY

Employee acknowledges and agrees that Franchisee has access to Trade Secrets and Confidential Information relating to the development and operation of the Franchised Business. For the purposes of this Agreement, Confidential Information means any information used in or related to the Franchised Business and not commonly known by or available to the public, including but not limited to the methods, processes, skills, know-how, recipes, formulas developed for use in the franchise system, techniques, information, trade practices, customer lists or databases, software, proprietary data, trade secrets, and any other information identified or labeled by Franchisee as confidential when provided to Employee. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Employee; (b) Employee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

Employee agrees to exercise the highest degree of diligence in safeguarding Confidential Information during and after the term of this Agreement and to adhere fully and strictly to all confidentiality attached to such information. Employee acknowledges that the unauthorized use or disclosure of Confidential Information will cause irreparable injury to the Franchisee and that damages are not an adequate remedy. Employee accordingly covenants that it shall not at any time, without Franchisee's prior written consent, disclose, use, permit the use thereof, copy, duplicate, record, transfer, transmit, or otherwise reproduce such Confidential Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source, except as may be required by applicable law or authorized by this Agreement. Disclosure of the Confidential Information may be made in judicial or administrative proceedings, but only to the extent Employee is legally compelled to disclose the Confidential Information and provided that Employee first gives Franchisee the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

2. NON-COMPETITION

During Employee's employment with Franchisee and for a period of one (1) year after the termination of Employee's employment with Franchisee, regardless of the cause for termination, Employee shall not, either directly or indirectly:

i. Own an interest in, manage, operate, or provide assistance to any business that sells or offers pies or baked goods that separately or in the aggregate constitute or would constitute 10% or more of the business' gross sales as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise within (i) Franchisee's Territory (as defined by the Franchise Agreement); or (ii) within a ten (10) mile radius of Franchisee's Territory (as defined by the Franchise Agreement); provided, however, that this restrictive covenant shall not prevent Employee from becoming a Be Happy Pie Company franchisee if Employee is otherwise deemed qualified by Be Happy Pie Company Franchising, LLC; or

ii. Solicit or otherwise attempt to induce or influence any customer or employee to terminate or modify their business relationship with Franchisee or to compete with Franchisee.

If Employee commits a breach of these restrictive covenants, the one (1) year restrictive period shall be tolled and start on the date that Employee is enjoined from competing or stops competing, whichever is later.

Nothing in this Agreement shall prevent Employee from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any Competitive Business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ) as long as Employee does not Control any such company.

3. INJUNCTIVE RELIEF

Employee acknowledges and agrees that adherence to the terms and conditions of this Agreement are necessary to protect the value of the Franchisee's business. Employee therefore acknowledges and agrees that in the event of a breach or a threatened breach of the restrictive covenants by Employee, Franchisee shall be entitled to obtain injunctive relief, without posting bond, against any such breach. Employee acknowledges and agrees that seeking or obtaining injunctive relief shall not preclude Franchisee from making a claim for damages or other relief available at law or in equity or that the existence of any claim or cause of action Employee may have against Franchisee predicated on this Agreement or otherwise shall not constitute a defense to the enforcement of this Agreement.

4. **SEVERABILITY AND REASONABLENESS**

The parties agree that each of the provisions of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The parties further agree that the foregoing restrictions limit Employee's right to compete only to the extent necessary to protect Franchisee from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Employee and Franchisee agree that the same shall be enforced to the fullest extent permissible under the law. Employee expressly acknowledges that Employee possesses skills and abilities of a general nature and has other opportunities for exploiting these skills and enforcing the non-competition provisions in this Agreement will not deprive Employee of personal goodwill or the ability to earn a living.

5. **WAIVER**

No failure of Franchisee to enforce any rights or powers under this Agreement shall be construed as the waiver of such rights. Any waiver in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Employee shall not be deemed to have been excused from performance of any of its obligations pursuant to this Agreement, unless otherwise agreed to in writing and signed by an authorized representative of Franchisee.

6. **GOVERNING LAW**

This Agreement shall be governed and construed in accordance with the laws of the State in which the Franchisee is located. Any action to enforce, challenge, or construe the terms of this Agreement or bring an action to recover for breach of this Agreement shall be litigated exclusively in a state or federal court whose jurisdiction encompasses the then-current principal office of the Franchisee. The parties hereby consent to personal jurisdiction and venue therein. Parties waive any right to object to personal jurisdiction or venue.

IN WITNESS WHEREOF, Employee and Franchisee have duly executed and delivered this Agreement, as of the Effective Date written above.

FRANCHISEE:	**EMPLOYEE:**
__________________________	_________________________________
By: ______________________	
Title: ____________________	

EXHIBIT F
ELECTRONIC TRANSFER OF FUNDS FORM/ACH AUTHORIZATION

I, the undersigned officer or agent of ____________________________ ("Franchisee"), hereby authorize Be Happy Pie Company Franchising, LLC (the "Franchisor") to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to Royalty Fees, Advertising Fees, or payment for goods and services. This Agreement may be terminated upon written notice to either Franchisor or Bank.

Name on the account: ____

Address: ____

City, State, Zip: ____

Bank Routing Number: ____

Bank Account Number: ____

E-Mail Confirmation: ____

FRANCHISEE:

____

By: _____________________

Title: ___________________

Date: ________________________

FRANCHISOR:

Be Happy Pie Company Franchising, LLC

By: ____________________________

Brandalyn Jared, Member

EXHIBIT G
<u>OWNERSHIP VERIFICATION</u>

This form must be completed to provide the Franchisor of the type of business organization and the names and addresses of the individuals owning an interest in Franchisee, as well as, the percentage of said interest. Franchisor is relying on the truth and accuracy of the information set forth in awarding the franchise to Franchisee.

1. <u>Form of Entity</u>

Franchisee is a (check one):

A. General Partnership ________
B. Corporation ________
C. Limited Partnership ________
D. Limited Liability Company ________
E. Other ________ Specify: ______________

2. <u>Business Entity</u>

Franchisee was incorporated or formed on ________, under the laws of the State of ____ ______. Franchisee has not conducted business under any name other than Franchisee's business entity name. The following is a list of all persons who have an ownership interest in Franchisee, their address, positions, and respective percentage of ownership:

NAME AND ADDRESS	POSITION	PERCENTAGE OF OWNERSHIP INTEREST

3. <u>Governing Documents.</u>

Franchisee agrees to provide Franchisor with copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization such as, articles of incorporation or organization, partnership or shareholder agreements, upon reasonable request by the Franchisor.

FRANCHISEE:

____

By: ______________________

Title: ___________________________

FRANCHISOR:
Be Happy Pie Company Franchising, LLC

By: ___________________________

Brandalyn Jared, Member

EXHIBIT C
LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2025

FRANCHISEE	STATE	PHONE NUMBER	EMAIL ADDRESS
Judy Kay Enterprises, LLC	Kentucky	270-554-7437	judypaynelawoffice@yahoo.com
Burnt Pie LLC	Missouri	816-384-4745	Burntpiesllc@gmail.com

EXHIBIT D
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEE	STATE	PHONE NUMBER	EMAIL ADDRESS

EXHIBIT E
OPERATIONS MANUAL

[Separate Page]

Contents

EXHIBIT F
UNAUDITED FINANCIAL STATEMENTS

[Separate Page]

BE HAPPY PIE COMPANY FRANCHISING, LLC

Report on Compilation of Financial Statements
Year Ended December 31, 2024

Mitchell & Associates, PLLC
Certified Public Accountants - Business Consultants

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M & A Mitchell & Associates, PLLC
Certified Public Accountants - Business Consultants

Robert E. Mitchell, CPA, CVA

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Member
Be Happy Pie Company Franchising, LLC
Evansville, Indiana

Management is responsible for the accompanying financial statements of Be Happy Pie Company Franchising, LLC (an Indiana Limited Liability Company), which comprise the statement of assets, liabilities, and member's equity – modified cash basis as of December 31, 2024, and the related statement of revenues, expenses, and member's equity – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Mitchell + Associates, PLLC
Henderson, Kentucky
April 29, 2025

P.O. Box 255 Henderson, Kentucky 42419-0255 • Phone: 270-827-5828 Fax: 270-830-7500 • Email: rmitchell@mitchell-associates.com

BE HAPPY PIE COMPANY FRANCHISING, LLC

STATEMENT OF ASSETS, LIABILITIES, AND MEMBER'S EQUITY
(MODIFIED CASH BASIS)

December 31, 2024

ASSETS	
Current assets:	
Cash and cash equivalents	$ 16,524
Total current assets	16,524
Total assets	$ 16,524
LIABILITIES AND MEMBER'S EQUITY	
Current liabilities:	
Line of credit	$ 158
Total current liabilities	158
Member's equity	16,366
Total liabilities and member's equity	$ 16,524

BE HAPPY PIE COMPANY FRANCHISING, LLC

STATEMENT OF REVENUES, EXPENSES, AND MEMBER'S EQUITY
(MODIFIED CASH BASIS)

Year Ended December 31, 2024

Franchise sales	$	33,500
Operating expenses:		
General and administrative		17,274
Total operating expenses		17,274
Operating income		16,226
Net income		16,226
Member's equity, beginning of year		-
Member's contributions		140
Member's equity, end of year	$	16,366

BE HAPPY PIE COMPANY FRANCHISING, LLC

Report on Compilation of Financial Statements
Year Ended December 31, 2025

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Member
Be Happy Pie Company Franchising, LLC
Evansville, Indiana

Management is responsible for the accompanying financial statements of Be Happy Pie Company Franchising, LLC (an Indiana Limited Liability Company), which comprise the statement of assets, liabilities, and member's equity – modified cash basis as of December 31, 2025, and the related statement of revenues, expenses, and member's equity – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Upstream Tax Advisors, LLC

Henderson, Kentucky
June 18, 2026

Upstream.cpa Upstream Tax Advisors, LLC (270) 827-5828
812 2nd Street
Henderson KY 42420

BE HAPPY PIE COMPANY FRANCHISING, LLC

STATEMENT OF ASSETS, LIABILITIES, AND MEMBER'S EQUITY
(MODIFIED CASH BASIS)

December 31, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 24,532
Total current assets	24,532
Total assets	$ 24,532
LIABILITIES AND MEMBER'S EQUITY	
Current liabilities:	
Line of credit	$ -
Total current liabilities	-
Member's equity	24,532
Total liabilities and member's equity	$ 24,532

BE HAPPY PIE COMPANY FRANCHISING, LLC

STATEMENT OF REVENUES, EXPENSES, AND MEMBER'S EQUITY
(MODIFIED CASH BASIS)

Year Ended December 31, 2025

Sales	$ 40,994
Operating expenses:	
General and administrative	32,987
Total operating expenses	32,987
Operating income	8,007
Net income	8,007
Member's equity, beginning of year	16,365
Member's contributions	160
Member's equity, end of year	$ 24,532

EXHIBIT G
LIST OF AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, California 94104 Department of Business Oversight 320 W. 4th Street, Suite 750 Los Angeles, California 90013 Department of Business Oversight 1515 K St., Suite 200 Sacramento, California 95814 (866) 275-2677	Minnesota Minnesota Department of Commerce Commissioner of Commerce 85 7th Place East, Suite 600 St. Paul, Minnesota 55101
Connecticut Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103	New York Secretary of the State of New York 41 State Street Albany, New York 12231
Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	North Dakota North Dakota Securities Department State Capitol – 5th Floor 600 East Boulevard Bismarck, North Dakota 58505-0510
Illinois Illinois Attorney General 500 South Second Street Springfield, Illinois 62706	Rhode Island Department of Business Regulation JOHN O. PASTORE COMPLEX 1511 Pontiac Avenue Bldg. 69, First Floor Cranston, Rhode Island 02920

Indiana Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204	South Dakota Department of Labor and Regulation Division of Securities 124 Euclid, Suite 104 Pierre, South Dakota 57501
Maryland Maryland Securities Commissioner Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202	Virginia Clerk, State Corporation Commission Tyler Building, 1st Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
Michigan Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909	Washington Director, Department of Financial Institutions Securities Division 150 Israel Road Southwest Olympia, Washington 98501
	Wisconsin Commissioner of Securities 345 West Washington Street, 4th Floor Madison, Wisconsin 53703

EXHIBIT H

STATE SPECIFIC ADDITIONAL DISCLOSURES AND STATE SPECIFIC ADDENDA

INDIANA

ADDENDUM TO BE HAPPY PIE COMPANY LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

   Under Indiana Code § 23-2-2.7-1(4), Franchisor will not obtain money, goods, services, or any other benefit from any other person with whom Franchisee does business, on account of, or in relation to, the transaction between Franchisee and the other person, other than for compensation for services rendered by Franchisor, unless the benefit is promptly accounted for, and transmitted by Franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

   Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if the procedures or products were utilized by Franchisee in the manner required by Franchisor.

3. 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**":

   Indiana Code § 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

4. The following is added to the end of the "Summary" sections of Item 17(e), titled "**Termination by franchisor without cause**":

   Indiana Code § 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and the termination is not in bad faith.

5. The following is added to the end of the "Summary" sections of Item 17(r), titled "**Non-competition covenants after the franchise is terminated or expired**":

   Indiana Code § 23-2-2.7-1(9) prohibits the post-termination covenant not to compete to have a geographical limitation larger than the Territory granted to Franchisee under the Franchise Agreement.

6. The following is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**:

> Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

7. The following is added to the end of the "Summary" section of Item 17(w), entitled **Choice of Law**:

> In the event of a conflict of law, Indiana law shall govern any cause of action that arises under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

ADDENDUM TO BE HAPPY PIE COMPANY LLC'S FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this ___ day of ________, 20_, is by and between BE HAPPY PIE COMPANY LLC and ___________________________________ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7, et seq., and the Indiana Franchise Disclosure Law, Ind. Code § 23-2- 2.5, et seq., the Agreement is amended as follows:

- Sections 3(B) and 22(B) do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

- In accordance with IC 23-2-2.7-1(2), Section 6 does not permit Franchisor to compete unfairly with Franchisee within a reasonable area.

- In accordance with IC 23-2-2.7-1(1), Section 11 does not impose a requirement on Franchisee to purchase goods, supplies, inventories, or services exclusively from Franchisor or sources designated by Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by Franchisor.

- Section 18 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Section 20(A) is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and the termination is not in bad faith.

- Section 23(A) is amended subject to IC 23-2-2.7-1(9) to provide that the post-termination covenant not to compete contained therein shall have a geographical limitation of the Territory granted to Franchisee under the Franchise Agreement.

- In accordance with IC 23-2-2.7-1(10), Section 25(F) does not waive the party's rights to trial by jury.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana statute(s) applicable to the provisions are met

independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

BE HAPPY PIE COMPANY LLC:	Franchisee: ____________________
By: ___________________________ Brandalyn Jared, Member	By: ___________________________
	Title:__________________________

EXHIBIT I
<u>FRANCHISE COMPLIANCE CERTIFICATION</u>

Please review each of the following questions and statements carefully and provide honest and complete responses to each. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement.**

1. You had your first face-to-face meeting with our representative on: ___________

2. Have you received and personally reviewed our Franchise Agreement and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

☐Yes ☐ No

3. Did you receive the Franchise Agreement and each related agreement, <u>containing all material terms</u>, at least 14 days before signing any binding agreement with us? This does not include changes to any agreement arising out of negotiations you initiated with us.

☐ Yes ☐ No

4. Do you understand all the information contained in the Franchise Agreement and each Addendum (if any) and related agreement provided to you?

☐ Yes ☐ No

If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do you not understand? (Attach additional pages, if necessary.)

____

____

____

5. Have you received and personally reviewed our Franchise Disclosure Document ("FDD") that was provided to you?

☐ Yes ☐ No

6. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, or before paying any funds to us?

☐ Yes ☐ No

7. Did you sign a receipt for the FDD indicating the date you received it?

☐ Yes ☐ No

8. Do you understand all the information contained in the FDD and any state-specific Addendum to the FDD?

☐ Yes ☐ No

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

____

____

____

9. Do you acknowledge and understand that no parent of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?

☐ Yes ☐ No

10. Have you discussed the benefits and risks of purchasing a Franchised Business with an attorney, accountant or other professional advisor?

☐ Yes ☐ No

If No, do you wish to have more time to do so?

☐ Yes ☐ No

11. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

☐ Yes ☐ No

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a Franchised Business that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

☐ Yes ☐ No

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

☐ Yes ☐ No

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

☐ Yes ☐ No

15. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

☐ Yes ☐ No

16. If you have answered "Yes" to any one of questions 12-15, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

____

____

____

17. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding? Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

☐ Yes ☐ No

18. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

☐ Yes ☐ No

19. You signed the Franchise Agreement and Addendum (if any) and related agreements on ____________, 20 __ and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the Franchisee constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE:

____

By: _________________________________

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:

State	Effective Date
California	
Hawaii	
Indiana	
Illinois	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

EXHIBIT J

FRANCHISE DISCLOSURE DOCUMENT RECEIPT (Copy 1)

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 Be Happy Pie Company 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. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Be Happy Pie Company 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the State Administrator listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise. Franchisor will check the name of the person who offered the franchise.

Brandalyn Jared 2818 Mount Vernon Avenue, Suite B Evansville, Indiana 47712	Jennifer Lamble 2818 Mount Vernon Avenue, Suite B Evansville, Indiana 47712	Rick Lamble 2818 Mount Vernon Avenue, Suite B Evansville, Indiana 47712

I have received a Franchise Disclosure Document, issuance date of June 30, 2026.

This Disclosure Document includes the following Exhibits:

Exhibit A – List of State Administrators
Exhibit B – Franchise Agreement and Exhibits
Exhibit C – List of Current Franchisees
Exhibit D -- List of Franchisees Who Have Left the System
Exhibit E – Operations Manual-Table of Contents
Exhibit F – Financial Statements
Exhibit G – List of Agents for Service of Process
Exhibit H – State Specific Disclosures and State Specific Addenda to Agreements
Exhibit I – Franchise Compliance Certification
Exhibit J -- Disclosure Document Receipt (last page of Disclosure Document)

Please sign and print your name below, date and return one copy of this receipt to Be Happy Pie Company Franchising, LLC and keep the other for your records.

____
Date of Receipt

____
Print Name

____
Signature

EXHIBIT J
FRANCHISE DISCLOSURE DOCUMENT RECEIPT (Copy 2)

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Print Name

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Signature