



FRANCHISE DISCLOSURE DOCUMENT
DOG HAUS WORLDWIDE, LLC
A California limited liability company
22 Central Court
Pasadena, California 91105
(626) 796-4287
Email: erik@doghaus.com
URL: www.doghaus.com

Received
LA Mailroom

APR 19 2018

Department of
Business Oversight

Dog Haus Worldwide, LLC, a California limited liability company, offers franchises for the operation of Dog Haus Restaurants ("Dog Haus Restaurants") that offer freshly prepared, cooked to order, high quality proprietary gourmet hot dogs, sausages and hamburgers accompanied by our proprietary sauces and a variety of other related food products, side dishes and alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption. We offer the rights for 3 different franchises in this Disclosure Document:

Fast Casual Restaurant Program. Under the Fast Casual Restaurant Program, you will sign a Franchise Agreement to operate a single Dog Haus Fast Casual Restaurant. The total investment necessary to begin operations of a single Dog Haus Fast Casual Restaurant ranges from approximately \$366,000 to \$523,900. This includes \$66,500 to \$71,000 that must be paid to us or our affiliate.

Biergarten Restaurant Program. Under the Biergarten Restaurant Program, you will sign a Franchise Agreement to operate a single Dog Haus Biergarten. The total investment necessary to begin operations of a single Dog Haus Biergarten ranges from approximately \$552,000 to \$823,100. This includes \$65,000 to \$104,500 that must be paid to us or our affiliate.

Area Development Program. Under the Area Development Program, we will assign you a defined area within which you must develop and operate 2 or more Dog Haus Fast Casual Restaurants and/or Dog Haus Biergartens. The total investment necessary to begin operations of a single Dog Haus Fast Casual Restaurant under the Area Development Program ranges from approximately \$388,500 to \$601,900. This includes \$84,000 to \$141,000 that must be paid to us or our affiliate. The total investment necessary to begin operations of a single Dog Haus Biergarten under the Area Development Program ranges from approximately \$574,500 to \$901,100. This includes \$82,500 to \$174,500 that must be paid to us or our affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 Erik Hartung, 22 Central Court, Pasadena, California 91105; Telephone: 626-796-4287.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 18, 2018.

STATE COVER PAGE

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

Call the state franchise administrator listed on Exhibit J for information about the franchisor, or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN LOS ANGELES COUNTY, CALIFORNIA. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO PARTICIPATE IN MEDIATION AND LITIGATION WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. UNDER THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS WE CONTROL.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A FRANCHISE BROKER or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the Next Page for State Effective Dates

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following state having franchise registration and disclosure laws, with the following effective date:

California: _____

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 18, 2018.

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT
TABLE OF CONTENTS**

Item	Description of Contents	Page Number
ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	4
ITEM 3	LITIGATION.....	5
ITEM 4	BANKRUPTCY.....	5
ITEM 5	INITIAL FEES.....	5
ITEM 6	OTHER FEES	7
ITEM 7	ESTIMATED INITIAL INVESTMENT	10
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	60
ITEM 9	FRANCHISEE'S OBLIGATIONS	64
ITEM 10	FINANCING.....	65
ITEM 11	FRANCHISOR'S ASSISTANCE, MARKETING, COMPUTER SYSTEMS, AND TRAINING.....	65
ITEM 12	TERRITORY	77
ITEM 13	TRADEMARKS.....	80
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	82
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	83
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	84
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	85
ITEM 18	PUBLIC FIGURES.....	93
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	93
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	94
ITEM 21	FINANCIAL STATEMENTS.....	98
ITEM 22	CONTRACTS	99
ITEM 23	RECEIPTS	99

EXHIBITS

- EXHIBIT A: FRANCHISE AGREEMENT
- EXHIBIT B: AREA DEVELOPMENT AGREEMENT
- EXHIBIT C: OPTION TO OBTAIN LEASE ASSIGNMENT
- EXHIBIT D: CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEES
- EXHIBIT E: NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT
FOR EMPLOYEES OF FRANCHISEE
- EXHIBIT F: GENERAL RELEASE
- EXHIBIT G: STATE SPECIFIC ADDENDA
- EXHIBIT H: FRANCHISE COMPLIANCE CERTIFICATE
- EXHIBIT I: FINANCIAL STATEMENTS
- EXHIBIT J: STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- EXHIBIT K: LIST OF FRANCHISEES
- EXHIBIT L: RECEIPTS

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

Franchisor

Dog Haus Worldwide, LLC, a California limited liability company ("**Franchisor**"), was organized on March 7, 2018, and is the franchisor of Dog Haus Restaurants. To simplify the language in this Disclosure Document, "**Franchisor**," "**we**" and "**us**" means Dog Haus Worldwide, LLC. "**You**" or "**Franchisee**" means the business entity, person or persons who sign the Franchise Agreement. The names and addresses of our agents for service of process appear in Exhibit J to this Disclosure Document.

Franchisor's Parents, Predecessors and Affiliates

Our predecessor, Dog Haus International, LLC, a Delaware limited liability company ("**DHI**") was organized on January 22, 2013 and offered our franchises for sale from May 18, 2013 until April 2, 2018. DHI's affiliate, Dog Haus, LLC, a California limited liability company (the "**Operating Company**"), was organized on August 17, 2010 and owned the trade name "**Dog Haus**" and the "**Dog Haus**" trademarks, service marks, logos, commercial symbols and other intellectual property (collectively, the "**Dog Haus Marks**") until April 2, 2018. On April 2, 2018, DHI and the Operating Company closed a recapitalization financing transaction with us under which DHI transferred all existing area development agreements, franchise agreements, franchisee indebtedness, obligations and guarantees with Dog Haus franchisees and other assets to us and the Operating Company transferred all of its right, title and interest to the Dog Haus Marks to us. We have assumed responsibility as the "**franchisor**" for all existing Dog Haus area developers and franchisees and will perform all pre-opening and post-opening obligations under their area development agreements and franchise agreements. We have also assumed responsibility for all future franchising of Dog Haus Restaurants worldwide. DHI will not offer or sell any additional franchises.

The Operating Company owns and operates one Dog Haus Restaurant (the "**Company-Owned Restaurant**") of the type being franchised located at 93 East Green Street, Pasadena, California 91105, which opened for business on October 29, 2011. Our affiliate, Pyramid Powder, LLC, a California limited liability company ("**Pyramid Powder**"), is headquartered at 12251 Montague Street, Pacoima, California 91331 and is the approved supplier for furniture and other items that you must purchase for your Franchised Restaurant. Pyramid Powder has never owned or operated a business of the type being franchised. Neither we, the Operating Company nor Pyramid Powder have ever offered franchises in this business or in any other line of business. We do not operate any Dog Haus Restaurants.

We have offered our franchises for sale since the issuance date of this Disclosure Document, and neither we, DHI nor the Operating Company conduct any other business activities. We do not do business under any other names. We, DHI and the Operating Company are headquartered at 22 Central Court, Pasadena, California 91105. With these exceptions, we have no predecessors or parent companies.

Dog Haus Franchise

We, our predecessor and affiliates, have developed the Dog Haus system ("**Dog Haus System**") for the operation of Fast Casual restaurants ("**Dog Haus Fast Casual Restaurants**") and Biergarten restaurants ("**Dog Haus Biergartens**") that offer freshly prepared, cooked to order, high quality gourmet hot dogs, sausages and hamburgers accompanied by our proprietary sauces and a variety of other related food products, side dishes and

alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption under the trade name "Dog Haus" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Dog Haus Marks"). We offer 3 separate franchises in this Disclosure Document, although we may not necessarily grant you the opportunity to purchase under any of these programs:

Fast Casual Restaurant Program

Under this program, you will sign a Franchise Agreement (**Exhibit A**) to operate a single Dog Haus Fast Casual Restaurant at a location that you choose and that we accept (the "Franchised Location"). Dog Haus Fast Casual Restaurants will be in leased spaces of approximately 1,300 – 1,600 square feet, will take orders at the counter will have communal seating, and will have a limited selection of beer and wine available for purchase.

Biergarten Restaurant Program

Under this program, you will sign a Franchise Agreement (**Exhibit A**) to operate a single Dog Haus Biergarten at the Franchised Location that you choose and that we accept. Dog Haus Biergartens will differ from Dog Haus Fast Casuals Restaurants in a variety of features, including those listed below. Dog Haus Biergartens will be in leased spaces of approximately 1,800 – 2,200 square feet, will be required to have (i) a minimum 24 beers on tap; (ii) a minimum of 8 seats at the bar; (iii) at least one bartender on duty at all times; (iv) a minimum of 4 televisions; (v) cable/satellite television capability with multiple control boxes, including DirectTV boxes with Dog Haus TV boxes, PC Music boxes and Video Box; (vi) a patio with a minimum of 24 seats; (vii) open or enclosed kitchens, depending on the layout of the premises; (viii) extended hours of operation; (ix) glassware, a beer wheel and a dishwasher; (x) a wine kegerator with 2 taps; (xi) a server with a handheld POS (xii) happy-hour pricing for food and beverages and (xiii) additional equipment. In addition, Dog Haus Biergartens may have brewery events, club affiliations, video games, shuffleboard, board games, bocce ball, pool tables, corn hole or foosball. If we decide that you should serve liquor, you must purchase an additional freezer and ice molds.

Area Development Program

Under this program, we will assign you a defined area (the "Development Area") within which you, as an area developer ("Area Developer"), must develop and operate a minimum of 2 Dog Haus Fast Casual Restaurants and/or Dog Haus Biergartens (individually, the "Franchised Restaurant", and collectively the "Franchised Restaurants") within a specified period of time. The Development Area may be one city, one or more counties, or some other defined geographic area. You will sign an Area Development Agreement (**Exhibit B**), that will describe your development area and your development schedule and obligations. You and we will determine the Development Area and the number of Franchised Restaurants that you will develop and operate before you sign your Area Development Agreement. You must sign a separate Franchise Agreement for each Franchised Restaurant that you will open under the Area Development Agreement. The Franchise Agreement for your first Franchised Restaurant will be in the form attached as (**Exhibit A**) to this Disclosure Document and must be signed when you sign your Area Development Agreement. The Franchise Agreements you will sign for your additional Franchised Restaurants will be our then-current form of Franchise Agreement that we are then offering to new franchisees, which may contain terms and conditions that are materially different from our current Franchise Agreement attached as (**Exhibit A**) to this Disclosure Document. You will sign our then-current form of Franchise Agreement for each Franchised Restaurant that you will develop after we accept the site for each Franchised Restaurant.

Competition

Our current business model for new franchises focuses on developing Dog Haus Fast Casual Restaurants in leased spaces of approximately 1,300 – 1,600 square feet and developing Dog Haus Biergartens in leased spaces of approximately 1,800 – 2,200 square feet. The typical Franchised Restaurant will be located on a major thoroughfare or in/or adjacent to a retail/shopping center or in a strip mall. You will compete in the fast casual food business with various established independent local restaurants and regional or national chain outlets specializing in the sale of hot dogs, sausages and hamburgers, both take-out service and full service, as well as with other restaurants and take-out facilities selling all kinds of food or other specialty foods, including well-established national chain outlets and local businesses. Many restaurants specialize in hot dogs, sausages and hamburgers and competition in the restaurant business in general and the fast casual food industry in particular is intense. In addition, competition for qualified management and supervisors, skilled labor and unskilled labor for the restaurant industry is significant, which may cause labor costs to be higher than average. The supply of suitable locations for restaurants is limited and is subject to increasing demand from other restaurant concepts and non-restaurant retailers.

Special Industry Regulation

Federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Franchised Restaurant, including those that (i) establish general standards, specifications and requirements for the construction, design and maintenance of restaurant premises; (ii) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food and beverages; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (iii) set standards pertaining to employee health and safety; (iv) set standards and requirements for fire safety and general emergency preparedness; (v) govern the use of vending machines; (vi) control the sale of alcoholic beverages; and (vii) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Restaurant and should consider both their effect and cost of compliance.

Dog Haus Restaurants must serve beer and wine and, at our option, certain Dog Haus Restaurants will have the right to also serve liquor. State alcoholic beverage regulatory authorities administer and enforce laws and regulations that govern the sale of alcoholic beverages. You are required to use your best efforts to obtain a beer and wine license, and depending on the size and type of your Franchised Restaurant, we may require you to use your best efforts to also obtain a license to sell alcohol as well as beer and wine at your Franchised Restaurant. You must comply with all applicable laws, rules and regulations in your state and locality related to the sale of alcoholic beverages at your Franchised Restaurant.

In addition, you must comply with all local, state, and federal laws that apply to your Franchised Restaurant including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, including all requirements set forth in the Alcoholic Beverage Control Act and in the California Code of Regulations, Title 4 with regard to the sale of alcoholic beverages. The Americans with Disability Act of 1990 ("ADA") requires readily accessible accommodation for disabled people. The ADA requires any accommodation necessary to provide access to goods, service, facilities, privileges, advantages or accommodations to the public and may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses. You must also comply with all menu and menu board labeling laws and rules requiring restaurant operators to disclose certain calorie or other nutritional information about the foods they sell, including, for example, the FDA's Nutrition Labeling of Standard Menu Items in Restaurants and Similar Food Establishments Rule. California law requires each food facility that meets specified criteria (which cover franchised outlets with at least 19 other franchised outlets with

the same name among certain other food facilities) to provide nutritional information that includes, per standard menu item, the total number of calories, grams of saturated fat, grams of trans fat, and milligrams of sodium and to have menu boards to include the total number of calories. In California, local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities. Other states and cities may have laws similar to these California laws.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA. The Health Care Reform Bills that became law in March 2010 additionally contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your Franchised Restaurant.

ITEM 2 BUSINESS EXPERIENCE

André Vener - Marketing and Finance Partner

André Vener has been our Marketing & Finance Partner since April 2, 2018 and served DHI in that same capacity since January 2013. He has been a member of Dog Haus, LLC in Pasadena, California, since August 2010. Mr. Vener has been a shareholder of Pyramid Powder headquartered in Pacoima, California, since January 1, 2016. From August 2006 to February 2013, Mr. Vener was a partner of "redwhite+bluezz," an upscale restaurant and jazz club in Pasadena, California. From 2008 to December 31, 2015, Mr. Vener served as Partner/Executive Producer for Pasadena Entertainment in Pasadena, California.

Quasim Riaz - Real Estate, Design and Construction Partner

Quasim Riaz has been our Real Estate, Design and Construction Partner since April 2, 2018 and served DHI in that same capacity since January 2013. He has been a member of Dog Haus, LLC in Pasadena, California, since August 2010. Mr. Riaz has been a shareholder of Pyramid Powder headquartered in Pacoima, California, since June 2000. Since November 2006, Mr. Riaz has been a founding partner in Kings Row Gastropub, a neighborhood restaurant and bar located in Pasadena, California.

Hagop Giragossian - Operations and Culinary Partner

Hagop Giragossian has been our Operations and Culinary Partner since April 2, 2018 and served DHI in that same capacity since January 2013. He has been a member of Dog Haus, LLC in Pasadena, California, since August 2010. Mr. Giragossian has been a shareholder of Pyramid Powder headquartered in Pacoima, California, since June 2000. Since November 2006, Mr. Giragossian has been a founding partner in Kings Row Gastropub, a neighborhood restaurant and bar located in Pasadena, California.

Abraham H. Injeian – Construction Manager

Abraham H. Injeian has served as our Construction Manager since April 2, 2018 and served DHI in that same capacity since January 1, 2015. From January 2013 to November 2014, Mr. Injeian served as DHI's Director of Operations.

Christopher "CJ" Ramirez – Marketing Director

Mr. Ramirez has served as our Marketing Director since April 2, 2018 and served DHI in that same capacity since August 2013. From January 2013 to August 2013, Mr. Ramirez was a self-employed marketing consultant in Pasadena, California. From January 2004 to January 2013, Mr. Ramirez served as an Account Director and Vice President at Artime Group in Pasadena, California.

Brian Griffith – Operations Manager

Mr. Griffith has served as our Operations Manager since April 2, 2018 and served DHI in that same capacity since November 2014. From September 2011 to September 2014, Mr. Griffith served as a Training and Projects Manager for the Middle East, Africa and Australia regions with Total Safety International in Dubai, United Arab Emirates. Prior to that, he has worked in Project Management and Training & Staff Development internationally for more than 8 years and for more than 20 years overall.

Erik Hartung – Director of Franchise Development

Mr. Hartung has served as our Director of Franchise Development since April 2, 2018 and served DHI in that same capacity since November 1, 2015. From February 2015 to October 2015, Mr. Hartung served as a Fine Wine Specialist for Palm Bay International in Los Angeles, California. From February 2007 to February 2015, Mr. Hartung worked as a Sales Representative for Southern Wine & Spirits in Pasadena, California.

Keith Gertler – Operations Manager

Mr. Gertler has served as our Operations Manager since April 2, 2018 and served DHI in that same capacity since May 2017. From June 2014 to May 2017, Mr. Gertler served as Director of Operations for Coastal Business Group in Inland Empire, California. From February 2009 to July 2014, Mr. Gertler served as Bar Manager for Morton's Steakhouse in New Orleans, Louisiana and Los Angeles, California.

**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

Single Fast Casual/Biergarten Restaurant Program

You must pay us an initial franchise fee (the "Initial Franchise Fee") of \$35,000 when you sign your Franchise Agreement (Exhibit A) for your Franchised Restaurant.

Pre-Opening Initial Training Program Fee For Additional Trainees

We will provide an initial training program for up to 2 supervisorial or managerial personnel you select. If you send more than 2 people to the Pre-Opening Initial Training Program, you must pay an Additional Pre-Opening Initial Training Fee of \$3,500 per week per additional trainee.

Area Development Program

You must pay us a development fee (the "Development Fee") of \$17,500 for each Franchised Restaurant you will develop under an Area Development Agreement, other than your first Franchised Restaurant, when you sign the Area Development Agreement (Exhibit B) for a minimum of 2 Franchised Restaurants. You must also pay us the Initial Franchise Fee of \$35,000 for your first Franchised Restaurant when you sign the Area Development Agreement. When you sign a Franchise Agreement for each subsequent Franchised Restaurant you will develop, you must pay us an Initial Franchise Fee of \$25,000 for each subsequent Franchised Restaurant; however, we will credit \$7,500 of your Development Fee against the Initial Franchise Fee for each subsequent Franchised Restaurant (not to exceed a credit of \$7,500 for any single Franchised Restaurant), so you will only have to pay us \$17,500 when you sign a Franchise Agreement for each subsequent Franchised Restaurant.

Initial Purchases from Our Affiliate

Before you open your Franchised Restaurant for business, you must purchase designated furniture, trash can caddies, trash cans, lighting fixtures, menu boards and ad boxes for your Franchised Restaurant from our affiliate, Pyramid Powder. We estimate that the cost of these items will be approximately \$30,000 - \$69,500.

Refunds, Different Fees and Financing

The Initial Franchise Fee, Development Fee and the amounts paid for your purchases from Pyramid Powder are fully earned by us when paid and are not refundable under any circumstances. We use the proceeds from Initial Franchise Fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (i) costs related to developing and improving our services; (ii) expenses of preparing and registering this Disclosure Document; (iii) legal fees; (iv) accounting fees; (v) costs of obtaining and screening franchisees; and (vi) general administrative expenses. We may reduce, finance, defer or waive the Initial Franchise Fee or Development Fee if and when we determine, it is warranted by a unique or compelling situation. We generally do not provide financing for the Initial Franchise Fee or Development Fee. We may do so if and when we determine, it is warranted by a unique or compelling situation.

**ITEM 6
OTHER FEES ¹**

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee ³	6% of "Gross Sales"	Monday of each week on the Gross Sales of your Franchised Restaurant during the immediately preceding week.	"Gross Sales" includes all revenue from your operations. Gross Sales do not include bona fide refunds paid to customers, sales or use taxes actually paid to governmental authorities or the retail price of any coupons, gift certificates and vouchers when they are redeemed.
Marketing, Creative & Technology Fee	Currently, 2% of Gross Sales	Same as Royalty Fee.	The Marketing, Creative & Technology Fee that you pay the Marketing, Creative & Technology Fund is in addition to the 1% of Gross Sales that you must spend on local marketing. We may adjust the amount of the Marketing, Creative & Technology Fee upon 90 days' prior written notice, not to exceed 3.5% of Gross Sales.
Local Marketing Expenditure	1% of Gross Sales or \$3,750 per calendar quarter, whichever is greater.	Each quarter.	In addition to the Marketing, Creative & Technology Fee, you must spend 1% of Gross Sales or \$3,750 per calendar quarter, whichever is greater, on local marketing. If you fail to spend 1% of Gross Sales or \$3,750 per calendar quarter, whichever is greater, on local marketing, on the last day of each calendar quarter, you must pay the Marketing, Creative & Technology Fund the difference between the amount that you actually spent and the greater of 1% of your Gross Sales or \$3,750 per calendar quarter. We may adjust the amount of the Local Store Marketing Expenditure upon 90 days' prior written notice, not to exceed 3% of Gross Sales.
Cooperative Marketing Fees	As determined by us and 50% or more of the participating Dog Haus Restaurants in	As we designate.	You must contribute to the Cooperative if we establish a Cooperative Marketing Program in the Marketing Coverage Area where your

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
	the Cooperative Marketing Program, at least .5% of Gross Sales but not to exceed 2% of Gross Sales.		Franchised Restaurant is located. Your contributions will be credited against your local marketing expenditures.
Plan Review Fee	\$1,500	On demand	You must use a licensed architect approved by us to prepare plans for your Franchised Restaurant. We recommend that you use our architect. If you choose to use a different architect, he or she must be licensed and approved by us and you must pay us a \$1,500 plan review fee directly to our architect.
Late Charge	\$200 plus 1-1/2% per month on the amount outstanding per month, not to exceed the maximum interest rate allowed by law, from the date payment was due until paid in full. ²	Continues to accrue until paid.	Payable if any check, draft, electronic or other payment is unpaid because of insufficient funds or if any sums due to us are not paid promptly when due.
Additional Pre-Opening Initial Training Fee	\$3,500 per additional trainee plus our respective transportation costs, food, lodging and similar costs, including, for us, the expenses for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a \$45 per diem each of our representatives who provide training.	On demand	We will provide an initial training program (the "Pre-Opening Initial Training Program") for up to 2 supervisorial or managerial personnel you select. If you send more than 2 people to the Pre-Opening Initial Training Program, you must pay this Additional Pre-Opening Initial Training Fee per week per additional trainee.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Post-Opening Initial Training Fee	\$1,500 per week for each trainee who attends. Additional Post-Opening Initial Training Programs for you, plus our transportation costs, food, lodging and similar costs, including the expenses for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a \$45 per diem for each of our representatives who provide training.	On demand	If, following the opening date of a Franchised Restaurant, you request us to provide additional Initial Training Programs for new or replacement supervisorial or managerial personnel, you must pay this Post-Opening Initial Training Fee.
Additional Post-Opening Training Program Fee	\$400 per day for each of our representatives who provide Additional Post-Opening Training Programs, plus our transportation costs, food, lodging and similar costs, including the expenses for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a \$45 per diem for each of our representatives who provide training.	On demand	We may require your general manager, you and other supervisorial or managerial personnel to attend additional and remedial training programs, at our discretion.
Manual Replacement Fee	\$500	On demand	Payable if you misplace the Manuals or fail to return them to us upon demand.
Inspection Fee	\$500 per re-inspection	On demand	Payable if we must revisit your Franchised Restaurant for an inspection after you have already been notified of any deficiency or unsatisfactory condition.
Insurance	Amount of unpaid premiums and our out of pocket costs.	On demand	Payable if you fail to maintain required insurance coverage and we elect to obtain coverage for you.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee (Franchise Agreement)	\$17,500	Before transfer	Payable if you transfer/assign your Franchise Agreement.
Transfer Fee (Area Development Agreement)	\$17,500	Before transfer	Payable if you transfer/assign your Area Development Agreement.
Renewal Fee (Franchise Agreement)	\$5,000	When you deliver a renewal notice to us for your Franchise Agreement.	This \$5,000 renewal fee will be in lieu of the Initial Franchise Fee payable when you renew your Franchise Agreement.
Renewal Fee (Area Development Agreement)	\$10,000	When you deliver a renewal notice to us for your Area Development Agreement.	This \$10,000 renewal fee will be payable when you renew your Area Development Agreement.
Non-Cash Payment System	All costs associated with non-cash payment systems.	As incurred	You must accept debit cards, credit cards, stored value gift cards or other non-cash payment systems we specify.
Liquidated Damages	An amount equal to twice the total royalty fees paid (or if unpaid, payable) by you during the 12 months before the termination date.	Within 30 days following the date of termination.	Payable if you default and we terminate your Franchise Agreement.
Default Reimbursement	Our costs and expenses from your default.	Within 5 days after you cure your default or on demand if the default is not cured.	Payable if you default under your Franchise Agreement.
Audit	Cost of audit (estimated to be \$1,000 - \$5,000) plus interest at the highest rate allowed by law (not to exceed 18%) ²	On demand	Payable if an audit shows an understatement of 3% of Gross Sales or more.
Interim Management Fee	To be determined	As incurred	Payable if you are in default under your Franchise Agreement and we elect to assume interim management of your Franchised Restaurant during the pendency of any cure period or in lieu of immediately terminating your Franchise Agreement.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Gross-Up Fees	Varies with circumstances	On demand	To ensure that we receive a full 6% of Gross Sales as a Royalty Fee that is due, you must pay us, whether in arrears, in advance, in a lump sum or in the same manner that you pay us Royalty Fees, the amount of all taxes we must pay on revenue we earn or collect based upon your use of our intellectual property or other intangibles or based upon the existence of your Franchise Agreement.
Sanitation and Food Safety Audits	Cost of the inspection	On demand	We may, in our sole discretion, contract with a third party to conduct sanitation and food safety audits during the term of your Franchise Agreement.
New Product and Supplier Testing	Reasonable cost of inspection and actual cost of testing; \$1,000 must be paid as a deposit before facility inspection.	As incurred	If you propose to purchase any goods or materials from a supplier that we have not previously approved, we have the right to require an inspection of the supplier's facilities and testing of samples we designate. You must pay us a fee equal to the reasonable cost of the inspection and the actual cost of the test.
Annual Conference Fee	\$500	Upon demand at least 30 days before the date of the Annual Franchise Conference.	You must pay us a Franchise Conference Fee to reimburse us for a portion of our direct costs to provide the Annual Franchise Conference, whether or not you attend the conference.
Relocation Fee	\$5,000	When we approve your request to relocate your Franchised Restaurant.	You must obtain our consent to the relocation of your Franchised Restaurant.
Relocation Assessment	An amount equal to the Royalty Fees you paid for your original Franchised Restaurant during the last preceding calendar year plus an additional 10%.	On demand.	If we consent to a relocation of your Franchised Restaurant, you secure the new Franchised Location and open your replacement Franchised Restaurant at the new Franchised Location within 12 months from the date we approve the new Franchised Location. If you fail to do so, we can

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
			bill you for the Relocation Assessment as described in this chart.
Lease Compliance Fee	\$10,000	On demand	If you, due to your own fault, neither obtain your Landlord's agreement to include the provisions in <u>Section 5.2</u> of the Franchise Agreement in your Lease, nor obtain your Landlord's execution of the Option to Obtain Lease Assignment, then you must pay us the sum of \$10,000 as damages.
Lease Negotiation Fee	\$1,500	On demand	If you request our consent for you to execute a Lease containing modified versions of the provisions in <u>Section 5.2</u> of the Franchise Agreement, or to execute a modified version of the Option to Obtain Lease Assignment, then you must reimburse us upon demand for our reasonable attorneys' fees incurred to review, revise and/or negotiate any changes made to those provisions and/or to the Option to Obtain Lease Assignment.
Private Offering Fee (Franchise Agreement and Area Development Agreement)	\$10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses with reviewing the proposed offering.	Before offering.	Payable for each proposed private offering of securities, partnership or other ownership interests in Franchisee and is in addition to any Transfer Fee under any Franchise Agreement and/or Area Development Agreement
Administrative Assessments	\$100 for the first violation, \$200 for the second violation and \$300 for the third and each subsequent violation.	On demand.	Administrative Assessments are levied to reimburse us for our administrative efforts to process your reporting violations.

NOTES:

1. Unless otherwise noted, all fees are uniformly imposed by and payable to us by electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. (Franchise Agreement, Section 4.6).

2. Interest begins from the date of the underpayment. (Franchise Agreement, Section 4.5).

3. If state or local law in the state in which the Franchised Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts due to us based on revenue derived from the sale of alcoholic beverages at the Franchised Restaurant, we will reset the amount of the Royalty Fees or other sums payable to us and redefine Gross Sales to exclude the payment of Royalty Fees on revenue derived from the sale of alcoholic beverages to an amount that will have the same basic economic result for both you and us.

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ITEM 7
ESTIMATED INITIAL INVESTMENT
SINGLE DOG HAUS FAST CASUAL RESTAURANT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
BUILD-OUT COSTS					
Utility Deposits, Fees & Licenses: ¹	\$2,000	\$5,000	Cash	As Incurred	City, County, State
Pre-Construction Cost (Architect, Plans, Permits) ²	\$10,000	\$18,000	As Arranged	As Incurred	Dog Haus Approved Suppliers
Leasehold/Construction ³	\$125,000	\$180,000	As Arranged	As Incurred	Dog Haus Approved Suppliers
FURNITURE, FIXTURES, EQUIPMENT & SIGNAGE					
Exterior Signage, Artwork; Graphics & Interior Signage	\$12,000	\$22,000	As Arranged	As Incurred	Dog Haus Approved Suppliers
POS System and Software; Back Office Computer; Printer and Related Hardware and Software; Sound System; televisions ⁴	\$15,500	\$18,900	As Arranged	As Incurred	Dog Haus Approved Suppliers
Equipment/Smallwares; Hood	\$75,000	\$85,000	As Arranged	As Incurred	Dog Haus Approved Suppliers
OTHER					
Designated Furniture; Trash Can Caddies & Trash Cans; Menu Boards & Ad Boxes; Drink Station; Railing	\$31,500	\$36,000	As Arranged	Before Opening	Pyramid Powder
Opening Inventory	\$8,000	\$14,000	As Arranged	Before Opening	Dog Haus Approved Suppliers
Beer & Wine/Liquor License Costs ⁵	\$1,500	\$7,000	Lump Sum	Before Opening	Governmental Agencies and Professional Services
Grand Opening Marketing ⁶	\$12,500	\$17,500	As Arranged	30 Days Before Opening	Dog Haus Approved Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
				and 7 days following opening	
Franchised Location (Security Deposit and 1 Month's Rent) ⁷	\$ 12,000	\$20,000	Cash (non-refundable)	At Signing	Landlord
Insurance – Liability & Workers' compensation (initial deposit)	\$5,000	\$8,000	Cash	Annual Premium, paid in full Before Opening	Insurance Carriers
Legal Fees/Organizational Expenses ⁸	\$3,000	\$7,500	Cash	As Incurred	Legal & State
Training Expenses (Travel and Living Expenses) ⁹	\$3,000	\$5,000	As Arranged	As Incurred	Airlines, Hotels, Restaurants
Initial Franchise Fee ¹⁰	\$35,000	\$35,000	Cash	At Signing	Us
ADDITIONAL FUNDS (3 months) ^{11,12}	\$15,000	\$45,000	Cash	As Incurred	Dog Haus Approved Suppliers & Employees
GRAND TOTAL ¹²	\$366,000	\$523,900			

SINGLE DOG HAUS BIERGARTEN

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
BUILD-OUT COSTS					
Utility Deposits, Fees & Licenses ¹	\$2,000	\$5,000	Cash	As Incurred	City, County, State
Pre-Construction Cost (Architect, Plans, Permits) ²	\$10,000	\$20,000	As Arranged	As Incurred	Dog Haus Approved Supplier
Leasehold/Construction. ³	\$250,000	\$325,000	As Arranged	As Incurred	Dog Haus Approved Supplier

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
FURNITURE, FIXTURES, EQUIPMENT & SIGNAGE					
Exterior Signage, Artwork; Graphics & Interior Signage	\$17,500	\$35,100	As Arranged	As Incurred	Dog Haus Approved Supplier
POS System and Software; Back Office Computer, Printer and Related Hardware and Software ⁴	\$14,000	\$19,000	As Arranged	Before Opening	Dog Haus Approved Suppliers
Equipment/Smallwares and Hood	\$100,000	\$125,000	As Arranged	As Incurred	Dog Haus Approved Suppliers
Beer System ¹³	\$14,000	\$28,000	As Arranged	Before Opening	Dog Haus Approved Suppliers
Televisions and Sound System	\$10,500	\$18,500	As Arranged	Before Opening	Dog Haus Approved Suppliers
OTHER					
Designated Furniture; Trash Can Caddies & Trash Cans; Menu Boards & Ad Boxes; Drink Station; Railing	\$30,000	\$69,500	As Arranged	Before Opening	Pyramid Powder
Opening Inventory	\$13,000	\$24,000	As Arranged	Before Opening	Approved Suppliers
Beer & Wine License ⁵	\$1,500	\$7,000	As Arranged	Before Opening	Governmental Agencies and Professional Services
Grand Opening Marketing ⁶	\$12,500	\$17,500	As Arranged	30 Days Before Opening and 7 days following opening	Dog Haus Approved Suppliers
Franchised Location (Security Deposit and 1 Month's Rent) ⁷	\$16,000	\$26,000	Cash (non-refundable)	At Signing	Landlord

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Insurance – Liability & Workers' compensation (initial deposit)	\$5,000	\$10,000	Cash	Annual Premium, paid in full Before Opening	Insurance Carriers
Legal Fees/Organizational Expenses ⁸	\$3,000	\$7,500	Cash	As Incurred	Legal & State
Training Expenses (Travel and Living Expenses) ⁹	\$3,000	\$6,000	As Arranged	As Incurred	Various Vendors
Initial Franchise Fee ¹⁰	\$35,000	\$35,000	Cash	At Signing	Us
ADDITIONAL FUNDS (3 months) ^{11, 12}	\$15,000	\$45,000	Cash	As Incurred	Dog Haus Approved Suppliers & Employees
GRAND TOTAL ¹²	\$552,000	\$823,100			

**AREA DEVELOPMENT AGREEMENT
YOUR ESTIMATED INITIAL INVESTMENT
(2–5 DOG HAUS FAST CASUAL RESTAURANTS)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
INITIAL INVESTMENT TO OPEN 1 st UNIT					
Initial Investment 1 st Dog Haus Fast Casual Restaurant ¹⁴	\$366,000	\$523,900	See Above	See Above	See Above
Development Fees ¹⁰	\$17,500	\$70,000	Cash	At Signing	Us
Additional Legal Fees ⁸	\$5,000	\$8,000	Cash	As Incurred	Legal & State
GRAND TOTAL ¹²	\$388,500	\$601,900			

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**AREA DEVELOPMENT AGREEMENT
YOUR ESTIMATED INITIAL INVESTMENT
(2—5 DOG HAUS BIERGARTENS)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
INITIAL INVESTMENT TO OPEN 1 st UNIT					
Initial Investment 1 st Dog Haus Biergarten ¹⁴	\$552,000	\$823,100	See Above	See Above	See Above
Development Fees ¹⁰	\$17,500	\$70,000	Cash	At Signing	Us
Additional Legal Fees ⁸	\$5,000	\$8,000	Cash	As Incurred	Legal & State
GRAND TOTAL ¹²	\$574,500	\$901,100			

Unless otherwise noted, all fees are uniformly imposed by and payable to us by electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. You authorize us to debit from your designated primary business checking or savings operating account for each week any funds due and payable to us for royalty fees and all other sums that you owe to us or our affiliate. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Dog Haus Restaurant. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Dog Haus Restaurant may be greater or less than the estimates given in this disclosure document depending upon the location of your Franchise, and current relevant market conditions. Your costs may vary depending on factors such as the degree to which you follow our methods and procedures, your management skills, your business experience and capabilities, local and economic conditions, the local market for our products and services, the prevailing wage rates, competition, and sales levels reached during your initial phase of business operations. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We currently do not offer financing for any purpose, but reserve the right to do so in the future. Please see Item 10 for further information. We do not guarantee your note, lease or other obligation.

1. This category includes equipment, security deposits, sales tax deposits or bonds, business licenses fees, sewer hookup charges, and utility deposits. The figures provided exclude any special connection and/or tap fees, EDD or sales taxes, which are based on projected sales.
2. These estimates include costs for space plan layout, design, architectural, kitchen, mechanical, electrical, plumbing, and related drawings, engineering, testing, permit expeditor, and city permits and fees. You must use a licensed architect approved by us to prepare plans for your Franchised Restaurant. We recommend that you use our architect. If you choose to use a different architect, he or she must be licensed and approved by us and you must pay a \$1,500 plan review fee directly to our architect.
3. These estimates are for the costs incurred for project and construction management and construction and remodeling a location to conform to our current standards, including a general contractor's fee; contractor's insurance; materials and supplies; tools; labor and subcontractor fees; and other costs to construct leasehold improvements that conform to our standards. You must perform or have performed any construction,

remodeling, or additions necessary to cause the premises to conform to applicable Federal, state, county, city, local laws, ordinances, codes, rules and regulations and meet our requirements for the layout design, construction, fixturation, equipment and installation, and the trade dress appearance of a Franchised Restaurant. Construction and remodeling costs vary widely depending upon the location, design, the condition and configuration of existing services and facilities such as air conditioning, electrical and plumbing, lease terms and the local real estate market. These estimates presume that you will receive a "vanilla shell" from your landlord. For purposes of these estimates, a "vanilla shell" includes leased premises with one restroom built to local code specifications in a location designated by your landlord, but typically at the rear of the premises; (2) sheet-rocked, taped and painted walls; (3) concrete floor, broom clean; (4) grease interceptor; (5) 200-40 amp low voltage electrical service distributed to local code specifications; (6) fluorescent 4' x 2' lighting fixtures with usually one fixture per 150-200 square feet; (7) HVAC system distributed at one ton per 175-200 square feet depending upon local climate conditions and use, generally with a gas heating system and an electrical air conditioning system; (8) fire sprinklers per local code specifications distributed throughout the premises designed for retail use; and (9) water, gas, cable and telephone service stubbed to the rear of the premises. **If you do not receive a "vanilla shell" from your landlord, your leasehold construction costs may substantially exceed these estimates.** These estimates **do not include** demolition expenses.

4. The estimates provided are the cost to purchase a computerized cash accounting and POS system (see Item 11), including installation. Your costs may vary. We do require you to use the same hardware as a Company-Owned Dog Haus Restaurant, and we require you to use our specified software. Currently, we use a FOCUS POS System, including the Dog Haus Suite of Tools, a dashboard portal for location sales and operation reports, support plans and handheld terminals. The FOCUS POS system is available from FOCUS, the only supplier we currently approve. You must accept online orders through our mobile application. You must pay OLO, the company that provides the online ordering service through our mobile application, \$2,400 annually. You must pay LevelUp, the company that manages our mobile application, \$1,788 annually. We have the right to change POS systems and mobile applications at any time upon 90 days' notice.

5. Dog Haus Restaurants must serve beer and wine and, at our option, certain Dog Haus Restaurants will have the right to also serve liquor. Beer and wine license costs will generally range \$1,500 - \$7,000. If we decide that you should serve liquor, your liquor license costs could range from \$1,000 - \$100,000, depending upon the state in which your Dog Haus Restaurant will be located. However, you may have to pay an amount that is substantially higher for a beer and wine license or liquor license. You must check with your local alcoholic beverage licensing authority to determine the cost of your beer and wine.

6. At least 60 days before the opening of your Franchised Restaurant, you must submit a grand opening marketing plan ("Grand Opening Plan") to us, which outlines your proposal for grand opening marketing and promotion of your Franchised Restaurant. You must obtain our written consent to the Grand Opening Plan before you implement it. You must modify the Grand Opening Plan as we request, and, thereafter, you may not make any substantial changes to the Grand Opening Plan without our advance written consent. You must, during the period beginning 30 days before the scheduled opening of your Franchised Restaurant and continuing for 7 days after your Franchised Restaurant opens for business, spend \$12,500 - \$17,500 to conduct grand opening marketing and promotion per the Grand Opening Plan approved by us. We may designate a different time period for you to conduct the Grand Opening Plan upon 90 days' prior written notice. Within 30 days of the opening date of your Franchised Restaurant, you must submit evidence to us of the grand opening expenditures. In addition, you must give away Haus Dogs free-of-charge from open until close on the first day of your grand opening promotion for the Free Haus Dog promotional event.

7. These estimates assume that your location will be a leased, unimproved, unfinished retail store-type unit. The estimates are based on the assumption that the premises will be rented and that the landlord will require a

security deposit. Each landlord has its own requirements and some landlords may require 1 month's rent as a security deposit. A typical Franchised Restaurant will be located in a densely populated suburban or urban area on a major thoroughfare or adjacent to or part of a suburban or urban shopping center or strip mall. Dog Haus Fast Casual Restaurants will be in leased spaces of approximately 1,300 – 1,600 square feet. Monthly lease payments for Dog Haus Fast Casual Restaurants usually range from \$6,000 to \$10,000 per month. Dog Haus Biergartens will be in leased spaces of approximately 1,800 - 2,200 square feet. Monthly lease payments for Dog Haus Biergartens usually range from \$8,000 to \$13,000 per month. Lease costs will vary widely depending on factors including the location and size of the premises and the prevailing pricing, terms and conditions of leasing. These estimates assume a security deposit equal to 1 month's rent and rent for 1 month.

8. This estimate includes legal review and negotiation of the proposed lease for the Franchised Restaurant and accounting assistance in setting up your books. Additional Legal Fees in the Area Development chart above reflects additional legal costs you may incur as a result of signing an Area Development Agreement.

9. This estimate includes the cost of sending your Principal Owner and General Manager and other supervisory or managerial personnel you select to attend our Pre-Opening Initial Training Program. You must arrange and pay all costs of transportation, food, lodging and similar costs for your employees who attend our Pre-Opening Initial Training Program. Although we do not charge a tuition fee for the Pre-Opening Initial Training Program, you will be solely responsible for any salaries and wages for your employees while attending the Pre-Opening Initial Training Program. This estimate does not include the pre-opening training salaries for your General Managers and employees at the Franchised Restaurant or the cost of 2 round trip flights, 2 hotel rooms and 2 rental vehicles and the \$45 per diem for each of our representatives who provide training.

10. The Initial Franchise Fee and the Development Fee are described in Item 5 of this Disclosure Document. The Initial Franchise Fee and the Development Fee are not refundable.

11. You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all of your obligations under your Franchise Agreement and to cover the risks and contingencies of the Franchised Restaurant for at least 3 months. The estimates provided above include estimated employee wages, 3 months of inventory (including Franchised Restaurant equipment, beverage ingredients and food products), facility expenses, opening cash, and any other miscellaneous required expenses you will incur before opening and through the first 3 months of operations. These estimates do not take into account the finance charges, interest and related costs you may incur if any portion for the initial investment is financed or all other recurring monthly operating expenses. These amounts are the minimum recommended levels to cover operating expenses, including employees' salaries for 3 months. However, we cannot guarantee that those amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. The disclosure laws require us to include this estimate of all costs and expenses to operate your Franchise during the "initial phase" of your business, which is defined as a 3 month period or longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for the restaurant industry, so our disclosure covers a 3 month period. We make no guarantee, and do not intend to imply, that 3 months is a "break even" point for you to recover your initial investment in your Franchised Restaurant.

12. To develop these estimates, we relied on the Operating Company's experience in opening and operating the Company-Owned Restaurant in California. We also relied on our franchisees' experience opening and operating Franchised Restaurants, a majority of which are in California, if and to the extent that they shared this information with us. You should review these estimates carefully with a business advisor before making any decision to purchase the franchise.

13. The Beer System includes faucets, towers, trunk lines, coolers, foam-on-beer detectors, glycol power pack, drip trays, blowers, regulators, glass rinsers and related equipment.

14. The Initial Investment for one Dog Haus Fast Casual Restaurant and one Dog Haus Biergarten is taken from the first 2 charts above, titled Estimated Initial Investment, Single Dog Haus Fast Casual Restaurant and Estimated Initial Investment Single Dog Haus Biergarten, respectively.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you have no obligation to purchase or lease from us or from suppliers approved by us or according to specifications we issue:

Dog Haus Approved Suppliers.

You may only use suppliers that we have accepted and approved ("**Dog Haus Approved Suppliers**") because they have demonstrated to us their ability to supply products and services for Franchised Restaurants meeting our specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. We will provide you with our Manuals and various supplemental bulletins and notices that will contain the specifications, standards and restrictions on your purchase of products and services. Upon request, we will furnish to you a list of Dog Haus Approved Suppliers that we may update from time to time. You must operate your Franchised Restaurant in strict compliance with the standard procedures, policies, rules and regulations contained in the Manuals. All "**Dog Haus Branded Products**", "**Dog Haus Proprietary Products**" and Non-Proprietary Products designated by Franchisor for use and sale at the Franchised Restaurant must be purchased from Dog Haus Approved Suppliers. "**Dog Haus Branded Products**" are products that bear any of the Dog Haus Marks, including products that are prepared, sold and/or manufactured in strict accordance with our methods, standards and specifications, including pre-packaged food and beverage products, clothing, souvenirs and novelty items.

Dog Haus Proprietary Products.

You must serve all and only the products we authorize ("**Dog Haus Authorized Products**"). We may provide you with our proprietary hot dogs, sausages, hamburgers, sauces, marinades, branded products and proprietary beverages, food products, packaging and products that are produced or manufactured according to our trade secrets, proprietary recipes, specifications and/or formulas (collectively, the "**Dog Haus Proprietary Products**"). You must buy Dog Haus Proprietary Products only from us, our affiliates or our Dog Haus Approved Suppliers. Currently, we, our affiliates and our Dog Haus Approved Suppliers are the only approved suppliers of Dog Haus Proprietary Products. We will not be obligated to reveal our trade secrets or the recipes, specifications and/or formulas of Dog Haus Proprietary Products to you or any third party. You must purchase, use, and maintain in stock a sufficient amount of Dog Haus Authorized Products and Dog Haus Proprietary Products to operate your Franchised Restaurant. During the fiscal year ended December 31, 2017, we and DHI did not derive any revenue from required franchisee purchases or leases.

Pyramid Powder is a Dog Haus Approved Supplier and is the only approved supplier for certain furniture and equipment for your Franchised Restaurant. Pyramid Powder will derive a profit from these sales to our franchisees. André Vener, Quasim Riaz, and Hagop Giragossian, our members listed in Item 2, own Pyramid Powder. Pyramid Powder's total revenue in 2017 was \$1,300,049. Pyramid Powder earned \$496,693 or 38.21% of its revenue from sales to our franchisees in 2017. The source of this information is the financial books and records of Pyramid Powder.

Approximately 70 - 75% of your start-up expenses and 70 - 80% of your ongoing expenses, will be for purchases from Dog Haus Approved Suppliers or purchases according to our specifications.

Non-Proprietary Products:

We may designate certain non-proprietary food products, condiments, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, menus, packaging, forms, customer comment cards, POS Systems, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Dog Haus Proprietary Products, that you may or must use or sell at your Franchised Restaurant ("Non-Proprietary Products"). You may use, offer or sell only those Non-Proprietary Products that we expressly authorize. You will purchase Non-Proprietary Products from Dog Haus Approved Suppliers. Each supplier we approve must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure, and satisfy us that it will supply products meeting our specifications (which may include particular brand names, model, contents, quality, freshness and compliance with governmental standards), reliably deliver consistent quality products or services, and meet any other requirements we determine is in the best interest of the Dog Haus System. We may limit items to a particular brand or brands set by us.

Equipment & Fixtures:

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including a point-of-sale cash collection system), décor, and signs as we direct. You may not install on or about your Franchised Restaurant any merchandise, furnishings, interior or exterior décor items, supplies, fixtures, equipment or utensils unless they have been approved by us in writing. You must purchase these items from a Dog Haus Approved Supplier.

Computer Equipment and Merchant Services Provider:

You must purchase, lease or license all computer hardware and software designated by us for the Franchised Restaurant at your expense. You must maintain and update all computer hardware and software as required by us. Currently, FOCUS is our only approved supplier for POS equipment, including the Dog Haus Suite of Tools, a dashboard portal for location sales and operation reports; support plans and handheld terminals. Currently, Beacon Merchant Solutions is our only approved supplier for merchant processing services, which will assist you with your payment processing needs. We have the right to change POS systems and merchant service providers at any time upon 90 days' notice. (See Item 11).

On-Line Ordering:

You must accept online orders through our mobile application. Currently, OLO is our only approved supplier of our online ordering mobile application and LevelUp is our only approved supplier authorized to manage our mobile application. We have the right to change mobile applications at any time upon 90 days' notice. (See Item 11).

Approval of Suppliers:

If you wish to procure any items from a supplier other than us or a Dog Haus Approved Supplier, you must obtain our approval. You must identify the proposed supplier, its name and address, and the item(s) you desire to purchase from that supplier. We may require you to deliver a sample of their product. Our specifications and standards for supplier approval are generally available upon written request. If product specifications for the item

are not in the Manuals, we will furnish the general, but not manufacturing, specifications for Non-Proprietary Products to you at your request. We may condition our approval on the supplier agreeing in writing not to disclose any confidential information regarding us or our operations, to comply faithfully with our specifications for the items it sells, to sell any materials bearing our marks only to our franchisees, and on the supplier demonstrating to our reasonable satisfaction that it is able to supply commodities meeting our specifications on a continuing basis, and that the supplier is, and will continue to be, of good standing in the business community with regard to its financial soundness and the reliability of its product and service. We also have the right to require, as a condition of approval, that our representatives are permitted to inspect the supplier's facilities and that you deliver to us and/or to an independent, certified laboratory designated by us, all information, specifications and samples that we reasonably designate for testing. You must pay us a fee not to exceed the reasonable cost of the inspection and the actual cost of the test. In addition to product testing, a facility audit may be required. You will be responsible for any additional costs and expenses associated with the inspection of the facility. We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information. You may not use a supplier unless we notify you of our approval in writing. We may revoke a supplier's approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you.

Rebates.

We may, from time to time, receive rebates from Dog Haus Approved Suppliers based on the aggregate volume of items ordered. You will not be entitled to receive any portion of these rebates. We do not currently receive rebates based on purchases by franchisees. In addition, we may negotiate certain arrangements (including price terms) for the purchase of certain items, such as logoed paper products and cups with suppliers. We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers. There are currently no purchasing or distribution cooperatives for the System. Through an agreement with one of our approved beverage suppliers, we receive a flat fee rebate of \$2,000 per Restaurant, upon opening of that Restaurant. During the fiscal year ended December 31, 2017, DHI received a total of \$14,000 in rebates from that approved beverage supplier, which were contributed to the Marketing Fund.

Insurance.

You must obtain and maintain throughout the term of your Franchise Agreement the types and amounts of insurance required by us and you must provide us with proof of coverage and Certificates of Insurance for all policies of insurance. You must obtain workers' compensation insurance with limits in compliance with your state law and employer's liability insurance with \$1,000,000 combined single limit coverage, as well as any other insurance that may be required by statute or rule of the state in which your Franchised Restaurant is located or operated. Additionally, you must obtain: (i) comprehensive general liability insurance and product liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 aggregate coverage including the following: broad form contractual liability and personal injury coverage (employee and contractual inclusion deleted) insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the Franchised Restaurant business, provided that the required amounts may be modified periodically by us to reflect inflation or future experience with claims; (ii) automobile liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least \$1,000,000; (iii) loss of income insurance (in an amount sufficient to cover the continuing license fee and other fees due under the Franchise Agreement for a period of at least 12 months); (iv) rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or merchants' association under the lease, if any, during any period of business interruption or inability to operate the Franchised Restaurant) or any greater amounts of insurance as required by the lease for the Franchised

Restaurant's premises; (v) employment practices liability insurance; and (vi) additional insurance and types of coverage as required by the terms of any lease for the Franchised Restaurant premises, including an umbrella policy with limits of \$1,000,000 to \$3,000,000. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance on your behalf and you must reimburse us for our costs related to the purchase of insurance.

Company Store.

DHI has registered the Internet domain name <http://doghausstore.com/> (the "Company Store") and has established a website using this domain name. The Company Store will serve as the primary source for Dog Haus Franchisees' purchases of promotional Dog Haus Branded Products. All promotional Dog Haus Branded Products available at the Company Store may not be duplicated or purchased elsewhere. Currently, Clayton Kendall is the only Approved Supplier of Dog Haus Branded Products.

Credit Cards.

You are required to honor all credit, charge, courtesy and cash cards approved by us in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with selling Dog Haus Authorized Products, you are required to maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of your Franchise Agreement. You are responsible for the security of cardholder data in the possession or control of any of subcontractors you engage to process credit cards. All subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor. You must, if requested to do so by us, provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all identified subcontractors.

Gift Cards, Loyalty, CRM, Social Media Software, Online and Mobile Ordering Programs.

You may not create or issue any gift certificates or gift cards and may only sell gift certificates or gift cards that have been issued by us that are accepted at all Franchised Restaurants. You must participate in all gift certificate and/or gift card administration programs as we may designate from time to time. You must honor all coupons, gift certificates, gift cards and other programs or promotions we direct. You must fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by us. You must not issue coupons or discounts of any type for use at the Franchised Restaurant except as approved by us in writing. In addition, you must purchase, enroll in or subscribe to, as applicable, all CRM, social media analytics and online and mobile ordering software or programs that we designate. We may change the designated suppliers of these or similar services in our discretion. You must change, purchase or subscribe to the additional programs or software, as applicable, after we give you notice to do so.

Audio and Video Selection.

You must use PC Music, a computer based, on-demand music, video, and AV provider of music for your Franchised Restaurant, and must play only the music and music selections that we approve. You must use Dog Haus TV, our television program for your Franchised Restaurant. You must install the equipment necessary to receive and play approved audio and video.

There are no restrictions as to whom you may sell the goods or services.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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(S) IN AGREEMENTS	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 5.1 – 5.3 of the Franchise Agreement; Sections 5.1-5.2 of the Area Development Agreement	Items 8, 11 and 16
b. Pre-opening purchases/leases	Sections 5.1 – 5.3 of the Franchise Agreement; Article 5 of the Area Development Agreement	Item 5 and 16
c. Site development and other pre-opening requirements	Sections 5.3 and 5.4 of the Franchise Agreement; Article 2, Article 6 and Exhibit A of the Area Development Agreement	Items 7, 11 and 16
d. Initial and ongoing training	Sections 6.1 and 6.2 of the Franchise Agreement	Items 6 and 11
e. Opening	Section 5.4 of the Franchise Agreement	Item 11
f. Fees	Sections 4.1 – 4.6, 4.9, 5.2, 5.5, 6.1, 6.8, 7.2 – 7.5, 7.11, 7.28, 14.4.7, 15.7, 16.7, 17.2, 19.6 of the Franchise Agreement; Sections 4.1, 4.2, 5.4, 5.5, 8.4, 9.4.7, 15.5 and Exhibit A of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Manuals	Article 7 and Section 15.1 of the Franchise Agreement; Section 6.2 and Article 16 of the Area Development Agreement	Item 11
h. Trademarks and proprietary information	Article 9 of the Franchise Agreement; Articles 7 and 8 of the Area Development Agreement	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 8.1 – 8.3 of the Franchise Agreement; Section 6.2 of the Area Development Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 7.20 of the Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	Sections 2.1, 2.3, 2.5, 2.6 and 6.1 of the Area Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 7.4, 7.5, 7.7 – 7.10, 7.12, 8.1 – 8.3 and 10.5 of the Franchise Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Sections 5.3, 7.15, 7.16, 7.21, 7.23 and 7.24 of the Franchise Agreement	Items 7 and 16

OBLIGATION	SECTION(S) IN AGREEMENTS	DISCLOSURE DOCUMENT ITEM
n. Insurance	Article 13 of the Franchise Agreement	Item 16
o. Marketing	Article 10 of the Franchise Agreement	Items 6, 11 and 13
p. Indemnification	Section 18.4 of the Franchise Agreement; Section 14.4 of the Area Development Agreement	Items 6, 12 and 17
q. Owner's participation/management/staffing	Section 7.12 of the Franchise Agreement	Item 15
r. Records and reports	Sections 12.1 – 12.4 and 12.6 of the Franchise Agreement	Item 6
s. Inspections and audits	Sections 7.7 and 12.3 of the Franchise Agreement	Item 6
t. Transfer	Sections 14.2 – 14.6 of the Franchise Agreement; Sections 9.2 – 9.5 and Article 10 of the Area Development Agreement	Items 6 and 17
u. Renewal	Sections 3.2-3.4 of the Franchise Agreement; Article 3 of the Area Development Agreement	Items 6 and 17
v. Post-termination obligations	Article 17 of the Franchise Agreement; Sections 12.2 – 12.3 of the Area Development Agreement	Items 6 and 17
w. Non-competition covenants	Sections 15.2 – 15.4 and 15.8 of the Franchise Agreement; Sections 13.2, 13.3 and 13.7 of the Area Development Agreement	Item 17
x. Dispute resolution	Article 19 of the Franchise Agreement; Article 15 of the Area Development Agreement	Item 17
y. Taxes & Permits	Sections 4.6, 4.9, 5.3, 7.16, 12.2.3 and 12.3 of the Franchise Agreement	Items 1 and 7
z. Computer hardware and software	Section 7.8 of the Franchise Agreement	Item 16
Other: aa. Security Interest	Section 4.8 of the Franchise Agreement	Item 10
bb. Liquidated Damages	Section 17.2 of the Franchise Agreement	Item 6

ITEM 10 FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, MARKETING, COMPUTER SYSTEMS, AND TRAINING

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

Before Opening

We have the following obligations to you before you open your Franchised Restaurant for business:

1. **Site Selection Assistance.** We will provide you with our site criteria that include the factors we consider in accepting Franchised Restaurant locations, such as general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. Upon locating a proposed site, you must submit in writing certain information we request in the form we prescribe. (**Franchise Agreement, Section 5.1**). You are solely responsible for selection of the proposed site of your Franchised Restaurant, which will be subject to our review and acceptance. After you sign your Franchise Agreement, you must identify one or more sites that meet our then current standards and specifications and submit the site to us for approval. We will notify you in writing whether the site is accepted or rejected within about 30 days after we receive all of the information we require to evaluate the site. If you are purchasing the site for your Franchised Restaurant, you must submit the purchase contract to us for acceptance at least 15 days before you sign it and provide us with a fully signed copy within 15 days of the closing of the purchase transaction. You must identify the site for your Franchised Location within 90 days after you sign your Franchise Agreement and obtain a fully executed Lease for the site no later than 180 days after you sign your Franchise Agreement. (**Franchise Agreement, Section 5.1**). You must open your Franchised Restaurant within one year after you sign your Franchise Agreement. We will not unreasonably withhold our consent to your request for additional time to open your Franchised Restaurant. (**Franchise Agreement, Section 5.4**). If you and we fail to agree on a site within the required time limit, we can terminate your Franchise Agreement. (**Franchise Agreement, Section 16.2.14**).
2. **Site Design Assistance.** We will provide you with a copy of our specifications for the décor and layout of a Franchised Restaurant and the required fixtures, equipment, furnishings, décor, trade dress and signs. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans. You must use a licensed architect approved by us to prepare plans for your Franchised Restaurant. We recommend that you use our architect. If you choose to use a different architect, he or she must be licensed and approved by us and you must pay a \$1,500 plan review fee directly to our architect. You are responsible for the cost of construction and remodeling of your Franchised Restaurant. (**Franchise Agreement, Section 5.3**).
3. **Manuals.** After you sign your Franchise Agreement, we will loan you 1 copy of our Operations Manual, which may consist of 1 or more manuals ("Manuals") to use during the term of your Franchise Agreement by hard copy or via the intranet. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. We may, from time to time, update or change the Manuals in our sole discretion. (**Franchise Agreement, Section 6.5**). Our Manuals currently contain 150 pages. You will be given the opportunity to review the Manuals before you sign your Franchise Agreement. You must operate your Franchised Restaurant in compliance with the terms of your Franchise Agreement and the Manuals. You alone will exercise day-to-day control over all operations, activities and elements of the Dog Haus Restaurant, including over your employees. Under no circumstance will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the Dog Haus System with which you must comply under the Franchise Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Dog Haus Restaurant, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your Dog Haus Restaurant consistent with our policies. (**Franchise Agreement, Section 7.1**).

4. **Pre-Opening Initial Training Program.** We will provide our ("Pre-Opening Initial Training Program") at our corporate office or a Company-Owned Restaurant or other Dog Haus Restaurant or location that we designate for your Principal Owner and your General Manager or other supervisorial or managerial personnel. (**Franchise Agreement, Section 6.1**).

5. **Dog Haus Approved Suppliers.** We will designate our Dog Haus Approved Suppliers for you after we sign your Franchise Agreement. All Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products that we designate for use and sale at your Franchised Restaurant must be purchased from Dog Haus Approved Suppliers. (**Franchise Agreement, Section 8.1**).

Post-Opening Obligations

We have the following obligations to you during the operation of your Franchised Restaurant:

1. **On Site Opening Assistance.** We will provide on-site training and assistance for up to 5 days before and 5 days after your first Dog Haus Restaurant opens to the public. (**Franchise Agreement, Section 6.4**). We do not provide on-site opening assistance to you or your affiliates if you already own or operate a Dog Haus Restaurant when you sign your Franchise Agreement or if you sign a renewal Franchise Agreement.

2. **Consultation.** We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in or at the Dog Haus Restaurant for which we have not established Dog Haus Approved Suppliers. (**Franchise Agreement, Section 6.6**).

3. **Additional Post-Opening Training Programs.** We may provide additional and refresher training programs ("Additional Post-Opening Training Programs") for new or replacement supervisorial or managerial personnel. (**Franchise Agreement, Section 6.3**).

4. **Additional Post-Opening Initial Training Programs.** We may provide additional Initial Training Programs for new or replacement supervisorial and managerial personnel. (**Franchise Agreement, Section 6.2**).

5. **Products.** We will designate Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products that you may or must stock and promote. (**Franchise Agreement, Section 8.3**).

6. **Inspections.** We may examine your Franchised Restaurant to confer with your supervisorial or managerial employees, inspect and check operations, food, beverages, furnishings, interior and exterior décor, supplies, fixtures and equipment, and determine whether your Franchised Restaurant is being operated in accordance with your Franchise Agreement, Dog Haus System and the Manuals. (**Franchise Agreement, Section 6.7**).

7. **Pricing Guidelines.** We may provide pricing guidelines for Dog Haus Authorized Products, subject to Applicable Law, which may include minimum and maximum price policies, minimum advertised price policies and unilateral price policies, mandatory discounts, guest loyalty or frequent customer programs, gift certificate and/or gift card administration programs. If we do so, you must comply with all pricing guidelines that we specify. (**Franchise Agreement, Section 7.11**).

8. **Manuals.** We will continue to provide you with access to our Manuals during the term of your Franchise Agreement which may include audio, video, computer software, other electronic media and/or written materials. We may, from time to time, update or change the Manuals in our sole discretion. (**Franchise Agreement, Section 6.5**).
9. **Dog Haus Marks and Dog Haus System.** We will permit you to use the Dog Haus Marks and the Dog Haus System during the term of your Franchise Agreement. (**Franchise Agreement, Section 2.1**).
10. **Confidential Information.** We will provide you with access to our confidential information during the term of your Franchise Agreement. (**Franchise Agreement, Section 11.1**).
11. **Toll Free Telephone Number.** We may now or in the future establish a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If we establish a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Manuals or otherwise in writing. (**Franchise Agreement, Section 6.9**).

Length of Time to Open Your Franchised Restaurant

You must identify a site for your Franchised Restaurant within 90 days after you sign your Franchise Agreement, deliver a fully executed copy of the Lease to us within 180 days after you sign your Franchise Agreement, and you must open your Franchised Restaurant for business within one year after signing your Franchise Agreement, unless we agree otherwise. (**Franchise Agreement, Sections 5.1 and 5.4**). A Franchised Restaurant usually opens for business within 12 months after you sign your Franchise Agreement. Factors that may affect the length of time between signing of a Franchise Agreement and opening for business include the time necessary to: identify a location that we will accept; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

You may open a Franchised Restaurant under the Area Development Agreement only by signing a Franchise Agreement after you obtain a Franchised Location. As noted above, we estimate the length of time between signing a Franchise Agreement and the opening of your Franchised Restaurant is 12 months.

Site Selection/Lease/Purchase of Real Estate

If you do not already have a location when you sign your Franchise Agreement, you must purchase or lease a site for your Franchised Restaurant promptly after you sign your Franchise Agreement. You must submit all demographic and other information regarding the proposed site and neighboring areas that we may require. You must submit your proposed lease to us for approval to allow us at least 15 days to confirm that the required provisions in **Section 5.2** of the Franchise Agreement have been included in the lease, and/or that you and your landlord have executed an Option to Obtain Lease Assignment in the form we specify. (**Franchise Agreement, Section 5.2**). You must provide us with a fully signed copy of your lease within 180 days of signing your Franchise Agreement. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Franchised Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed site, we will notify you of our preliminary acceptance of the site within about 30 days (or 15 days after you provide any supplemental

information we request). Your lease must not (i) obligate us in any manner; or (ii) contain any provision inconsistent with your Franchise Agreement. In addition, you and your Landlord must enter into our Option to Obtain Lease Assignment and/or your lease must provide for the following: (i) the Lease may not be amended, assigned or sublet without our prior written consent; (ii) we have the right (but not the obligation) to succeed to your rights under the Lease if you fail to exercise any option to renew, and/or extend the term of the Lease; (iii) if you default under the Lease, the Landlord must notify us in writing at least 15 days prior to the termination or non-renewal of the Lease; (iv) we have an option to assume the Lease upon the termination or expiration of the Lease for any reason by giving written notice of the election to you and the Landlord; (v) you have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to us, or any franchisee or licensee approved by us; and (vi) we have the right to enter the Franchised Location to remove all of the Dog Haus Marks from the Franchised Location and modify the décor of the Franchised Location so that it no longer resembles, in whole or in part, a Franchised Restaurant if you fail to do so. If you request our consent for you to execute a Lease containing modified versions of the provisions in Section 5.2 of the Franchise Agreement, or to execute a modified version of the Option to Obtain Lease Assignment, then, whether or not we ultimately grant such consent, you must reimburse us upon demand for our reasonable attorneys' fees incurred to review, revise and/or negotiate any changes made to those provisions and/or to the Option to Obtain Lease Assignment. (**Franchise Agreement, Section 5.2**). If you are purchasing the Franchised Location, you must submit the contract for purchase and sale to us for approval at least 15 days before you sign it, and provide a fully signed copy of the contract to us within 15 days following closing. You may not relocate your Franchised Restaurant without our prior written consent. (**Franchise Agreement, Section 5.5**).

When you sign each Franchise Agreement under an Area Development Agreement, you must locate sites for your Dog Haus Restaurants. We must approve the site and our then-current standards for Dog Haus Restaurant sites will apply. After you have located a site, you must submit it to us for our review and request us to consider and approve the site. Following receipt of our acceptance of a site, you must negotiate a lease or purchase agreement for the site and submit a copy to us. (**Area Development Agreement, Section 5.2**). We will then give you execution copies of our then-current Franchise Agreement for the proposed location. You must return the signed Franchise Agreement to us within 30 days after you receive the execution copies of the Franchise Agreement. (**Area Development Agreement, Section 5.2**). You may not enter into any Lease for a site unless and until we have approved the site and the Lease in writing. (**Area Development Agreement, Section 5.2**).

You may not open your Franchised Restaurant at the Franchised Location for business until you have received our written authorization, which may be subject to our satisfactory inspection of the Franchised Restaurant at the Franchised Location. (**Franchise Agreement, Section 5.4**).

POS System; Computer Hardware and Software; Sound System

You must purchase, use and maintain a computerized point of sale cash collection system, including a POS System network router and software (the "POS System") and a back office computer and printer, including all related hardware and software, cameras and a DVR, televisions, and a sound system, each as specified in the Manuals or otherwise by us in writing. Your POS System must be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and for ordering and maintaining the POS System. We will have independent access to the information generated and stored in your POS System. The POS System must be electronically linked to us, and you must allow us to poll the POS System on a daily or other basis at the times and in the manner established by us, with or without notice, and to retrieve transaction information including sales, sales mix, usage, and other operations data that we deem appropriate. We may require that you update, upgrade or replace the POS System, including hardware and/or software, upon written notice, provided that you will not be required to replace the POS System any more frequently than once every 3 years. The POS System must include the required technology to permit you to accept online orders of Dog Haus products and services

at your Franchised Restaurant and to accept and process Dog Haus gift cards sold in other Franchised Restaurants. In addition, you must purchase, lease or license all computer hardware and software designated by us for your Franchised Restaurant at your expense. During the term of your Franchise Agreement, you must maintain and update all computer hardware and software as required by us. (**Franchise Agreement, Section 7.8**).

It will cost you approximately \$9,500 - \$14,500 to buy the POS System and software for your Franchised Restaurant. You must purchase the POS System designated by us. Currently, FOCUS is our only approved supplier of the POS System, including the Dog Haus Suite of Tools. Annual maintenance costs to the POS System are \$1,800 per year. You must upgrade the POS System if we instruct you to do so. You must use our designated merchant services provider, which is currently Beacon Merchant Solutions. You must pay Beacon an annual fee of \$99 as well as monthly processing fees that range from .05% to .4% of your gross volume and any additional fees for ongoing processing services, which will vary depending on transaction volume.

On-Line Ordering: Mobile Application.

You must accept online orders through our mobile application. Currently, OLO is our only approved supplier of our online ordering mobile application and LevelUp is our only approved supplier authorized to manage our mobile application. The fee with OLO is currently \$2,400 per year and the fee with LevelUp is currently \$1,788 per year (per Franchised Restaurant). For these fees, you receive the use, access and maintenance of the on-line ordering system. We have the right to change mobile applications at any time upon 90 days' notice.

Internet

DHI has registered the Internet domain name www.doghaus.com and has established a site using this domain name. As described in Item 1, DHI has assigned all of its assets to us. You acknowledge that the domain name is our sole property. You may not use in any manner, any computer medium or electronic medium (for example, any Internet home page, e-mail address, website, domain name, URL, bulletin board, newsgroup or other Internet related medium or activity) that contains the Dog Haus Marks, or any other words, symbols or terms confusingly similar to the Dog Haus Marks without our express prior written consent. We may include on our Internet Website interior pages that identify all Franchised Restaurants, including your Franchised Restaurant. (**Franchise Agreement, Sections 10.7 and 10.8, Area Development Agreement, Section 7.5**).

We have the sole right to market on the Internet and use the Dog Haus Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the Dog Haus Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Dog Haus Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the Dog Haus Marks or any marketing, is subject to the terms and conditions of your Franchise Agreement and any other rules, requirements or policies that we may identify. (**Franchise Agreement Sections 2 and 10.7, Area Development Agreement Section 7.5**).

You must provide free WiFi service at your Dog Haus Restaurant for use by your customers in compliance with our requirements for bandwidth included in the Manuals or other directives from us. We will control the WiFi gateway and all emails collected will be our property, with no restrictions on our use or distribution of email addresses.

Intranet

We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates and other confidential information to you. If we establish an Intranet, you must establish and maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you. We will have sole discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet. You will have the privilege, but not the right, to use the Intranet, subject to your compliance with our policies. **(Franchise Agreement Section 7.23).**

Marketing, Creative & Technology Fees

You must pay us a Marketing, Creative & Technology Fees equal to 2% of the Gross Sales of your Franchised Restaurant. We have the right to adjust the amount of the Marketing, Creative & Technology Fees at any time during the term of your Franchise Agreement on 90 days' prior written notice to you, not to exceed 3% of Gross Sales. Marketing, Creative & Technology Fees are in addition to your Local Store Marketing Expenditures. Company-owned and affiliate-owned Dog Haus Restaurants, including any owned by the Operating Company, may, but are not required to, contribute to the Marketing, Creative & Technology Fund. If they do, they may not be required to contribute in the same percentage as you and may stop contributing at any time without notice to you. The Marketing, Creative & Technology Fund will be administered by us and will be used to meet the costs of conducting marketing and promotional activities. The Marketing, Creative & Technology Fund may be used to pay the costs of preparing and producing video, audio and written marketing materials; employing marketing agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers. **(Franchise Agreement, Section 10.1).** We will administer the Marketing, Creative & Technology Fund. The Marketing, Creative & Technology Fund is intended to maximize general public recognition and acceptance of the Dog Haus Marks for the benefit of the Dog Haus System. The administrator will not be obligated, in administering the Marketing, Creative & Technology Fund, to make expenditures in your "Protected Area" or for you that are equivalent or proportionate to your contribution, or to ensure that you benefit directly or pro rata from the marketing or promotion conducted under the Marketing, Creative & Technology Fund. **(Franchise Agreement, Section 10.1.2).** Your Marketing, Creative & Technology Fees will be held in an account separate from our other funds. Your Marketing, Creative & Technology Fees will not be used to defray any expenses of ours or the administrator's, except for the reasonable costs and overhead, if any, as each may incur, such as the costs of personnel for creating and implementing promotional and marketing programs. Any unused monies in the Marketing, Creative & Technology Fund at the end of any year will be used in the next fiscal year. We will not use any Marketing, Creative & Technology Fees for marketing that is principally a solicitation for the sale of franchises. **(Franchise Agreement, Section 10.1.3).** We will prepare an annual unaudited accounting of the expenditures of the Marketing, Creative & Technology Fund which will be provided to you upon your written request. In the fiscal year ended December 31, 2017, DHI's advertising expenditures were as follows:

Marketing	34.68%
Social Marketing	14.05%
Public Relations	18.32%
Creative	17.20%
Technology	<u>15.75%</u>
Total	100%

Local Marketing Expenditures

In addition to any Marketing, Creative & Technology Fees you are required to pay us, you must spend an amount equal to 1% of the Gross Sales or \$3,750 per calendar quarter, whichever is greater, of your Franchised Restaurant on local promotion and marketing (the "**Local Marketing Expenditure**"). We have the right to adjust the amount of the Local Store Marketing Expenditures at any time during the term of your Franchise Agreement on 90 days' prior written notice to you, not to exceed 3% of Gross Sales. All local marketing must meet our specifications in our Manuals including, two-a-days, grassroots marketing, school fundraisers, dine out fundraisers, milestones, school ambassadors, marketing cooperative, loyalty programs, delivery and catering. You must submit to us before use, samples of all local marketing materials, and descriptions of all local marketing programs, not prepared or previously approved by us, for our approval. You may not use any marketing material or program or use the Dog Haus logo or Dog Haus Marks in any public manner without our prior written approval. On the 10th day of each month, you must provide us with a report summarizing your Local Marketing Expenditures during the previous month. Within 15 days of the end of each calendar quarter, you must provide us with copies of all invoices, statements, canceled checks or other forms of payment that you issued during the preceding calendar quarter that evidence your expenditure and payment of 1% of your Gross Sales or \$3,750 per calendar quarter, whichever is greater, on local marketing. If you fail to do so, or if you fail to spend at least 1% of your Gross Sales or \$3,750 per calendar quarter, whichever is greater, on local marketing during any month, at the end of each calendar quarter you must pay the Marketing, Creative & Technology Fund the difference between the amount that you actually spent on local marketing and the greater of 1% of your Gross Sales or \$3,750 per calendar quarter. (**Franchise Agreement, Section 10.2**).

Cooperative Marketing Programs

We may, in the future, establish programs for co-operative marketing ("**Cooperative Marketing Programs**") to coordinate advertising, marketing efforts and programs, to serve as a conduit for the collection and expenditure of the contributed funds and to maximize the efficient use of local and/or regional marketing media. If we create a Cooperative Marketing Program for the a defined coverage area (a "**Marketing Coverage Area**") in which your Franchised Restaurant is located, you (and, if we or an affiliate own Franchised Restaurant in the Marketing Coverage Area, then we and/or our affiliate), must become a subscriber and member of the Cooperative Marketing Program and must participate in the Cooperative Marketing Program in the manner we prescribe. The size and content of a Marketing Coverage Area will be binding upon you and all other similarly situated Dog Haus franchisees. Each participating Dog Haus franchisee will be entitled to one vote for each Franchised Restaurant located within the Marketing Coverage Area as we may determine. (**Franchise Agreement, Section 10.3**).

You and all other members of the Marketing Coverage Area whose Franchise Agreements require their participation in the Cooperative Marketing Program, will contribute to the Cooperative Marketing Program the amounts that are determined by us and 50% or more of the participating Franchised Restaurants in the Cooperative Marketing Program (at least .5% of Gross Revenue but not to exceed 2% of the Gross Revenue of each participating Franchised Restaurant located in the Marketing Coverage Area. Your contributions to the Cooperative Marketing Program will be credited against your local marketing expenditures. (**Franchise Agreement, Section 10.3.1**).

We will administer the Cooperative Marketing Program and determine the policies of the Cooperative Marketing Program and the use of the available funds for media time, production of media materials, radio, television, newspapers or Franchised Restaurant local marketing materials such as flyers or posters, or for any other type of advertising or marketing use. We reserve the right to establish general standards concerning the operation of the Cooperative Marketing Program, advertising agencies retained by the Cooperative Marketing Program, and marketing conducted by the Cooperative Marketing Program. We are not required to spend any amount on

advertising or marketing in your territory or "Protected Territory". Any disputes (other than pricing) arising among or between you, other Dog Haus franchisees, and/or the Cooperative Marketing Program will be resolved by us and our decision will be final and binding on all parties. (**Franchise Agreement, Section 10.3.2**).

Grand Opening Plan

At least 60 days before the opening of your Franchised Restaurant, you must submit a grand opening promotional campaign plan ("**Grand Opening Plan**") to us, which outlines your proposal for grand opening marketing and promotion of your Franchised Restaurant. (**Franchise Agreement, Section 10.4**). You must obtain our written consent to the Grand Opening Plan before you implement it. You must modify the Grand Opening Plan as we request, and, thereafter, you may not make any substantial changes to the Grand Opening Plan without our advance written consent. You must spend \$12,500 - \$17,500 on the Grand Opening Plan within 30 days before and 7 days after of the opening date of your Franchised Restaurant. We may designate a different time period for you to conduct the Grand Opening Plan upon 90 days' prior written notice. You must provide us within 30 days after your opening date with copies of all invoices, statements, canceled checks or other forms of payment that you have issued which evidence your expenditure and payment for the Grand Opening Plan. (**Franchise Agreement, Section 10.4**). In addition, you must give away Haus Dogs free-of-charge on the first day of your Grand Opening promotion for the Free Haus Dog promotional event.

Promotional Campaigns

We may conduct promotional campaigns on a national or regional basis to promote products or marketing themes. You must participate in all promotional campaigns which we may establish for the region in which your Franchised Restaurant is located. (**Franchise Agreement, Section 10.5**).

Advisory Council

We may establish an Advisory Council for Dog Haus Franchisees to work with us and to consult with us on potential improvements to the Dog Haus System, the products offered by Dog Haus Restaurants, advertising conducted by the Marketing, Creative & Technology Fund and any other matters that we deem appropriate. If an Advisory Council is formed, it will act solely in an advisory capacity; will not have decision making authority, and will be comprised of our representatives and Dog Haus Franchisees who may be chosen by us or elected by other Dog Haus Franchisees. All Dog Haus Franchisees who serve on an Advisory Council must pay their own transportation costs, food, lodging and similar expenses to attend Advisory Council meetings. We will have the right to form, change, merge or dissolve any Advisory Council at any time, in our discretion. (**Franchise Agreement, Section 10.6**).

Pre-Opening Initial Training Program

We will provide a Pre-Opening Initial Training Program in the Dog Haus System and methods of operation at our corporate office, at Dog Haus Restaurants operated by our Affiliates or at other Dog Haus Restaurants or at locations that we designate, for up to 2 supervisory or managerial personnel selected by you who must include the Principal Owner and General Manager. Your Principal Owner, each General Manager and/or other supervisory or managerial personnel must attend and complete the Pre-Opening Initial Training Program to our satisfaction. Your Principal Owner must attend and complete 2 days of marketing training at our corporate office as a part of the Pre-Opening Initial Training Program.

The Pre-Opening Initial Training Program will consist of approximately 24 days of training that must be completed before the Franchised Restaurant opens for business. If the Franchised Restaurant is the first

Franchised Restaurant you will operate, we will provide a training manual and other materials at no charge to you. However, you may be required to pay us reimbursement for up to 2 round trip flights, 2 hotel rooms, 2 rental vehicles, and a per diem in the sum of \$45 for each of our employees who provide training to defray a portion of our direct cost to provide the Pre-Opening Initial Training Program (**Franchise Agreement, Section 6.1**). You must pay all travel, living, compensation, and other expenses incurred by your Principal Owner, each General Manager and other supervisory or managerial personnel while attending the Pre-Opening Initial Training Program.

We will not provide the Pre-Opening Initial Training Program if you or your affiliates own another Dog Haus Restaurant or your Franchise Agreement is a renewal Franchise Agreement. (**Franchise Agreement, Section 6.1 and Section 7.2**). In addition, before the Franchised Restaurant opens for business, your Principal Owner and General Manager and other supervisory or managerial personnel must successfully complete the ServSafe® Food Safety Certification Program, or show evidence of prior ServSafe certification and must successfully complete the Certified Beer Server Program which is the first level of certification in the Cicerone Certification Program®. (**Franchise Agreement, Section 7.12**).

PRE-OPENING INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Welcome / Culture & Values	1	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Review Training Agenda & Operating Forms	1	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Menu Description (overview) & Basic Culinary Education	3	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Review Operation Manuals Review Recipes & Procedures	2	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
General Administration	4	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Hiring & Scheduling	1	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Marketing (Local)	16	0	Pasadena, CA, or other Dog Haus Restaurants or other location we designate,
POS Training / Cashier Skills	2	10	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Safety & Sanitation	2	2	Pasadena, CA, or other Dog Haus Restaurants or other location we designate

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Kitchen Equipment Basic	0	1	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Inventory (Purchasing /Receiving)	2	1	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Kitchen (Fry Station, Prep Station, Grill, Food Prep)	0	76	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Opening /Closing Procedure	3	3	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Beer and Bar Training	2	24	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
Manager Training	0	48	Pasadena, CA, or other Dog Haus Restaurants or other location we designate
TOTAL	39	165	

In our discretion, we may vary the length and content of the Pre-Opening Initial Training Program based on the experience and skill level for each individual attending the Initial Training program. As of the issuance date of this Franchise Disclosure Document, the primary instructional material for the Pre-Opening Initial Training Program and Additional Post-Opening Training Programs is the Manuals. We do not have a set schedule for the training courses and we hold initial training classes as needed to train new Dog Haus franchisees. Training is conducted by members of our headquarters and operations team under the supervision of Brian Griffith who has worked for us and for DHI in an operations capacity since November 2014. Mr. Griffith will supervise the training classes. Additional personnel of Franchisor who have direct experience in areas of operation of a Dog Haus Restaurant (for example, opening, operations or systems management) will assist Mr. Griffith with the development and administration of the Pre-Opening Initial Training Program and Additional Post-Opening Training Programs. Our trainers have 45 years of experience in operating quick-service and fast-causal restaurants. Training will be conducted as often as necessary to ensure that franchisees complete training before their Franchised Restaurant opens for business.

Your Principal Owner and General Manager or other supervisory or managerial personnel, must faithfully attend all phases of the Pre-Opening Initial Training Program and complete it to our satisfaction, as certified by us in writing. Your or their failure to successfully complete any aspect of the Pre-Opening Initial Training Program, as we determine in our sole discretion, constitutes grounds for termination of your Franchise Agreement. (**Franchise Agreement, Section 7.2**). We may allow you to retake the Pre-Opening Initial Training Program in our sole discretion. You must pay all expenses of travel, lodging, meals and salaries and wages incurred by you and your employees while attending any of our training programs. You may be required to pay us reimbursement for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a per diem in the sum of \$45 for each of our employees who provide you training to defray our direct costs to provide the Pre-Opening Initial Training Program. (**Franchise Agreement, Section 7.2**).

Additional Post-Opening Initial Training Programs

If, following the opening date of your Franchised Restaurant, you request us to provide additional Initial Training Programs for new or replacement supervisory or managerial personnel and we agree to do so, you must pay us our then-current Additional Post-Opening Initial Training Fee for each of our employees who provide the Additional Post-Opening Initial Training Programs to defray our direct costs to provide the Additional Post-Opening Initial Training Programs. You must also pay all transportation costs, food, lodging and similar expenses incurred by us and you in connection with attendance at the Additional Post-Opening Initial Training Programs, including the expenses for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a per diem in the sum of \$45 for each of our employees who provide training. (**Franchise Agreement, Section 7.3**).

On-Site Assistance

For your first Franchised Restaurant, we will provide on-site training and assistance for up to 5 days before and 5 days after the Franchised Restaurant opens for business. We will not provide any on-site assistance for your second and subsequent Franchised Restaurants. We will select the representatives providing the on-site training and we may vary the length of time that on-site training is provided. (**Franchise Agreement, Section 6.4**). You must notify us at least 30 days in advance of the scheduled date (the "Turnover Date") that (i) all construction and remodeling of the Franchised Location will be completed; (ii) Franchisee will have all permits necessary to Open the Franchised Restaurant; (iii) the Franchised Restaurant will be ready for turn-over to you by the general contractor, to allow us to schedule a date for our on-site opening assistance for your first Franchised Restaurant; and (iv) completion of your turnover checklist. We will provide you with a turnover checklist approximately 14 days before the scheduled Turnover Date and will schedule a conference call with you approximately 8 days before the scheduled Turnover Date to confirm the Turnover Date so that we can book travel arrangements for our representatives who will provide the on-site opening assistance. Approximately 3 days before the scheduled Turnover Date, we will schedule a final conference call with you to confirm the Turnover Date and the date on which our representatives will arrive at your Franchised Restaurant. If, after the final conference call, the Turnover Date is delayed or accelerated by more than 2 days from the date specified during the conference call, you must reimburse us for any and all costs and expenses we incur to change the travel arrangements for our representatives who were scheduled to provide pre-opening on-site opening assistance.

Additional Post-Opening Training Programs

In our discretion, we may require your Principal Owner, you and each General Manager or other supervisory or managerial personnel to attend Additional Post-Opening Training Programs. You must pay us our then-current Additional Post-Opening Training Program Fee for each of our representatives who provides the Additional Post-Opening Training Programs, to defray our direct costs of providing the Additional Post-Opening Training Programs. We will provide up to 4 representatives to provide training. (**Franchise Agreement, Section 7.4**).

In addition, you must pay all transportation costs, food, lodging, salaries and wages for your Principal Owner, you, each General Manager and/or other supervisory or managerial personnel to attend the Additional Post-Opening Training Programs. (**Franchise Agreement, Section 7.4**). If you appoint a new General Manager, that person must complete our Pre-Opening Initial Training Program to our satisfaction before assuming responsibility for the management of your Dog Haus Restaurant. If we provide Additional Post-Opening Training you may be required to pay additional fees for this training, including the cost for up to 2 round trip flights, 2 hotel rooms and 2 rental vehicles, and a \$45 per diem for each of our representatives who provide you training to defray our direct costs to provide the Additional Post-Opening Training Program. (**Franchise Agreement, Section 7.4**).

Annual Franchise Conference

We may hold an Annual Franchise Conference for all Dog Haus franchisees each year. The Principal Owner and each General Manager must attend the Annual Franchise Conference. You must pay us a \$500 Franchise Conference Fee to reimburse us for a portion of the direct costs to provide the Annual Franchise Conference. You must pay the Franchise Conference Fee upon demand at 30 days before the date of the Annual Franchise Conference, whether or not you attend the Annual Franchise Conference. (**Franchise Agreement, Section 7.27**).

ITEM 12 TERRITORY

Franchise Agreement

You will be permitted to operate your Franchised Restaurant at a specific location that we accept, as described in your Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Our acceptance of your Franchised Location will be based upon a variety of factors which may include the viability of the then-current location and demographics including, number of households, household income, vehicular traffic, and number of Franchised Restaurants near the proposed new location. You may face competition from other Franchised Restaurants that we or our affiliate franchise or own and that operate at traditional sites.

You will be granted a protected territory ("**Protected Area**") of a 1/2 - 5 mile radius from your Franchised Restaurant as described in the Franchise Agreement. Your Protected Area will be designated before you sign your Franchise Agreement. Factors that we consider in determining the size of your Protected Area include the demographics, population size, age and income levels, neighboring and adjacent retail tenants, road visibility, traffic patterns and proximity of other Dog Haus Restaurants or competitors serving the same market area. Provided you are not in default under your Franchise Agreement, we will not own, operate, sell or issue a Franchised Restaurant franchise to another franchisee in your Protected Area. There are no other radius restrictions or minimum population requirements that limit where we can franchise or operate another Franchised Restaurant. You may not relocate your Franchised Restaurant to any other location without our prior written consent.

We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, Franchised Restaurants outside of your Protected Area, regardless of its proximity to the Franchised Restaurant; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, other than a competitive business, under marks and systems different from the Dog Haus Marks and the Dog Haus System at any location regardless of their proximity to your Franchised Restaurant; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Dog Haus branded products at any location within or outside of the Protected Area regardless of its proximity to the Franchised Restaurant, through the Internet, mail order, catalogs, direct mail marketing and through other distribution methods; (iv) market on the Internet and use the Dog Haus Marks on the Internet, including all use of Websites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; and (v) own or operate and to franchise or license others to own or operate Franchised Restaurants at any Non-Traditional Venue within and outside of your Protected Area regardless of their proximity to your Franchised Restaurant. We are not required to pay you any compensation if we exercise any of the rights specified above. "**Non-Traditional Venues**" mean a broad variety of atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or

at institutional settings including office buildings and business complexes; arenas, stadiums and entertainment venues, health clubs and recreational facilities, beaches, parks, prisons, airports, train stations, travel plazas, toll road facilities and other transportation terminals and related facilities, educational, medical, governmental and other types of institutional facilities, restaurant-in-retail locations or restaurant-in-store (for example, a cafe within a grocery store), trucks, cafeterias, casinos, food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its beverages and/or food service facilities to a master concessionaire or contract food service provider.

You may not advertise or solicit business outside of your Protected Area. Under your Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated or on your penetration of the market potential. You do not have the right to acquire additional franchises, options, rights of first-refusal or similar rights to acquire additional franchises, although you may apply for the right to operate additional Franchised Restaurants under separate Franchise Agreements.

Area Development Agreement

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

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of Franchised Restaurants at venues in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states, or some other defined area. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a Franchised Restaurant in your Development Area.

We will determine or approve the location of each Dog Haus Restaurant under the Franchise Agreement at the time each Franchise agreement is signed, and our then-current standards for approving sites and determining Development Areas will apply. We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, Franchised Restaurants outside of your Development Area, regardless of its proximity to the Franchised Restaurant; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, other than a competitive business, under marks and systems different from the Dog Haus Marks and the Dog Haus System at any location regardless of their proximity to your Franchised Restaurant; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Dog Haus branded products at any location within or outside of the Development Area regardless of its proximity to the Franchised Restaurant, through the Internet, mail order catalogs, direct mail marketing and through other distribution methods; (iv) market on the Internet and use the Dog Haus Marks on the Internet, including all use of Websites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; and (v) own or operate and to franchise or license others to own or operate Franchised Restaurants at any Non-Traditional Venue within and outside of your Development Area regardless of their proximity to your Franchised Restaurant. We are not required to pay you any compensation if we exercise any of the rights specified above. Until the termination or expiration of the Area Development Agreement, (i) you will have no further right to develop additional Franchised Restaurants in the Development Area and no further rights or obligations under the Area Development Agreement; (ii) you will have the right to continue to own and operate all Franchised Restaurants you opened prior to the expiration date under Franchise Agreements with Franchisor that remain in full force and effect on the expiration date; and (iii) we may, but are not required to, develop, own and operate, and grant franchises to third parties to develop, own and operate Franchised Restaurants at any location within or outside

of the Development Area, without restriction, subject only to the territorial rights that are granted to you under your Franchise Agreements for your Franchised Restaurants in the Development Area.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement signed by you under the Area Development Agreement, or a material breach of any other agreement between you and us, we may terminate your right to develop, open and operate new Franchised Restaurants in the Development Area. The termination of your right to develop Franchised Restaurants in your Development Area, however, will not terminate any rights granted under your Franchise Agreements then in effect between you and us, absent a breach of your Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional Franchised Restaurants anywhere, without restriction, including in your Development Area, subject only to the territorial rights reserved to you in the individual Franchise Agreements.

If you satisfy the Development Obligation and desire to develop, open and operate additional Franchised Restaurants in the Development Area, you will have the right (the "**Additional Development Rights**") to extend the term of your Development Agreement for an additional 5 years. If you desire to extend the term of your Development Agreement for an additional 5 years, you must notify us in writing (the "**Additional Development Notice**") that you desire to do so and provide us with a proposal for the development and opening of additional Franchised Restaurants in the Development Area (the "**Additional Development Obligation**"), setting forth the number of additional Franchised Restaurants you propose to open and the proposed opening dates for each Franchised Restaurant during the extended term. (**Area Development Agreement, Section 2.6**). We may, but have no obligation to, accept your proposed Additional Development Obligation or grant you the Additional Development Rights in our sole discretion.

If we accept the proposed Additional Development Obligation, you and we will sign our then-current form of Area Development Agreement (the "**Additional Area Development Agreement**") for the Additional Development Obligation if, and only if (i) you have fully performed your obligations under your Area Development Agreement and all other agreements between us and are in good standing on the date of the Additional Development Notice and on the date we sign the Additional Area Development Agreement; (ii) you have demonstrated your then-current financial ability to timely implement and complete the Additional Development Obligation; (iii) you continue to operate the aggregate number of Franchised Restaurants in the Development Area as required by your initial development obligation; (iv) you sign the Additional Area Development Agreement and deliver it to us with the initial development fees payable to us for the Additional Development Rights; and (v) you sign and deliver a general release to us in a form acceptable to us. (**Area Development Agreement, Section 2.6.2**). You must sign our then-current Franchise Agreement and pay us our then-current initial franchise fee for each additional Franchised Restaurant you will open in the Development Area. (**Area Development Agreement, Section 2.6.1**). If we elect not to grant you the Additional Development Rights, your Area Development Agreement will expire on its scheduled expiration date. (**Area Development Agreement, Section 2.6.1**).

General

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for any other franchise program that we may develop in the future, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned facilities which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

ITEM 13 TRADEMARKS

As a Franchisee, you are licensed to use and display the trade name "Dog Haus" and the marks discussed below, during the term of your Franchise Agreement and only for the operation of your Franchised Restaurant and the sale of products described on the Dog Haus standard menu. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us or our affiliate. The Operating Company has registered the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
	4,202,507	September 4, 2012	Principal
Dog Haus	4,326,591	April 30, 2013	Principal
The Absolute Würst	5,042,667	September 13, 2016	Principal
Dog Haus Biergarten	5,383,157	January 23, 2018	Principal

The Operating Company has registered the following mark on the Supplemental Register of the USPTO:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
Freiburger	4,228,124	October 16, 2012	Supplemental

The Operating Company assigned all of its right title and interest in the Dog Haus Marks to us. Since the registration of the "Freiburger" trademark is only on the Supplemental Register, this trademark does not have as many legal benefits and rights as our trademarks that are registered on the Principal Register. If our rights to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. However, we claim common law rights to the trade and service marks we license to you. We will file all required affidavits when they become due, as prescribed by law. No agreements are currently in effect which limit our use of the trademarks in any manner material to the franchise.

On February 19, 2013, the Operating Company and Southeast Food Systems, Inc. entered into a letter agreement pursuant to which the Operating Company agreed (i) not to advertise or offer services in or to individuals located in Georgia, North Carolina, South Carolina and Virginia; (ii) to cease all use of its logo incorporating a hot dog or sausage shape other than in pre-existing display materials used only at then-existing restaurant locations; (iii) to refrain from using the trade dress of Southwest Food Systems, Inc., which includes elements such as a registered fire hydrant trash cans along with the dog house design of their restaurants; (iv) not to use dog names, including, but not limited to, the marks Bull-Dog, Boxer Dog, Collie Dog, Hound-Dog, Puppy Dog, Ol' Yallow, German Shepard or Chihuahua for the names of food items at its restaurants; and (v) in the event the Operating Company adopts a new logo design in the future, the new logo would not include a dog house, hot dog or sausage image and the difference in the word portions of the respective marks should be emphasized. With the exception of the letter agreement described above, we are not aware of any agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to the franchise.

We are aware of others who are using "Dog Haus" as a trade name. We have learned that the words "Dogg Haus" are currently being used for hot dog restaurants operating in Minnesota and Wisconsin. There may be other prior superior rights or infringing uses that could materially affect your use of the licensed trade name, trademarks, or service marks. There may be similar uses to the Dog Haus Marks of which we are unaware, which could arise from prior users. We have not, however, conducted an exhaustive search of users of names that may be the same or similar to the Dog Haus Marks.

On April 25, 2014, Carnevor, Inc. filed Petitions for Cancellation Proceedings No. 92059099 and No. 92059167 of Registration No. 4,326,591 and No. 4,202,507, respectively, with the USPTO Trademark Trial and Appeal Board ("TTAB") alleging that our mark "Dog Haus" was descriptive and that its mark "Hundehaus" ("Dog House" in English) was denied registration because of our Registration No. 4,326,591. We filed our Answers to these Petitions on July 17, 2014 denying the allegations in these Petitions for Cancellation and filed a Counterclaim to Cancel Registration of Carnevor, Inc.'s Registration No. 4,336,555 on July 17, 2014 for Carnevor, Inc.'s mark Hund & Bier Haus. Carnevor, Inc. filed its Answer to Counterclaim for Cancellation with the USPTO on August 14, 2014. On August 22, 2014, Carnevor, Inc. filed a Motion to Consolidate the Petitions for Cancellation Proceedings No. 92059099 and No. 92059167 of Registration No. 4,326,591 and No. 4,202,507. The Motion was granted on October 22, 2014. On April 8, 2015, Carnevor, Inc. filed a Motion to Suspend the proceedings pending settlement negotiations. The Motion was granted to suspend the proceedings until July 7, 2015. On November 13, 2015, the Operating Company and Carnevor, Inc. entered into a Settlement Agreement and General Release under which they agreed to release each other for any and all claims. The Settlement Agreement and General Release does not limit our rights to use or license the use of the principal trademarks that are material to the franchise. On December 4, 2015, the parties' jointly filed their withdrawal of the petitions to cancel along with the corresponding counterclaim No. 92059099 without prejudice. The TTAB dismissed the petitions to cancel and counterclaim without prejudice.

With these exceptions, there are no currently effective material determinations of the TTAB, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the trade name Dog Haus or the Dog Haus Marks.

You must use the trade name Dog Haus without any suffix or prefix attached to it to identify your Franchised Restaurant. You are prohibited from using our trade name, trademarks, or service marks as part of any corporate name or using the Dog Haus trade name with any prefix, suffix, or other modifying words, terms, designs, or symbols. You are obligated to file a fictitious business name statement and do all other things necessary to prevent the use of the Dog Haus trade name, trademarks, or service marks by you from diminishing or destroying the legal protection to which they are entitled.

You must notify us of any infringement of, challenge to, or unauthorized use of the licensed name or the Dog Haus Marks that comes to your attention, including any claim, suit or demand against you. We may take actions we deem appropriate to protect our name or the Dog Haus Marks but we are not obligated by the Franchise Agreement to do so.

We have the sole right to control any litigation involving our trade name or the Dog Haus Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using lawyers of our own choosing, and you must cooperate fully in defending any claim, and you may participate at your own expense in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in your Franchise Agreement not to contest, directly or indirectly, our ownership, right, title, or interest in the Dog Haus Marks, or contest our sole right to register, use, or license others to use those names and the Dog Haus Marks.

We may add to, delete, or modify any or all of the Dog Haus Marks. You must modify or discontinue the use of the Dog Haus Marks, at your expense, if we modify or discontinue it. We will not compensate you if we modify or discontinue the Dog Haus Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents. There are no pending patent or copyright applications that are material to the franchise. We have no registered copyrights, but we claim copyright protection for the Manuals and all marketing material that may be distributed by us. We will loan you one copy of the Manuals for confidential use in the Franchised Restaurant. You may not disclose, publish, sell, show, or reproduce the Manuals and you must return the Manuals to us intact upon termination or expiration of your Franchise Agreement or Area Development Agreement.

We regard our recipes, our particular method of producing our sauces, and all the information contained in the Manuals, as proprietary and confidential information owned by us. You agree, as part of your Franchise Agreement, not to contest our exclusive ownership of the copyrights, trade secrets, recipes, processes, methods, procedures, formulae, techniques, and other proprietary information to which we claim exclusive rights. You are not given any rights in other trade secrets or proprietary or confidential information developed by us in the future. You must implement any reasonable procedures we may adopt to protect our trade secrets including restrictions on disclosures to your employees and requiring employees who will have access to our trade secrets to sign agreements containing non-disclosure and non-competition provisions in substantially the form of Exhibit E. None of the provisions in the Confidentiality and Non-Disclosure Agreement are intended to prohibit or restrict any activity which prohibition or restriction violates your employees' rights to engage in protected concerted activity under the National Labor Relations Act.

There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

All ideas, concepts, techniques or materials you create while you are a Dog Haus franchisee, whether or not protectable intellectual property, must be promptly disclosed to us and will become our exclusive property and a part of Dog Haus franchise system as a work made for hire for us without compensation to you.

All data pertaining to your Franchised Restaurant and all data you create or collect in connection with your operation of the Franchised Restaurant, including, data pertaining to, or otherwise concerning, the Franchised Restaurant's customers, or that you otherwise collect including data uploaded to, or downloaded from your computer system is Dog Haus data and is our sole property. We have the right to review and use the Dog Haus data in any manner that we deem appropriate without any compensation to you. You just provide us with copies and/or originals of the Dog Haus data within 5 days after our request for the Dog Haus data at no cost to us and at any time during the term of your Franchise Agreement and upon the expiration and/or termination of your Franchise Agreement. We license the use of the Dog Haus data to you during the term of your Franchise Agreement, at no cost to you, solely for your use in the operation of your Franchised Restaurant. You must maintain the Dog Haus data as secret and confidential must not make any of the Dog Haus data available to any unauthorized person without our prior written consent of and then only in the manner we permit.

The goodwill associated with all phone and fax numbers, email addresses, domain names, websites or webpages,

social media and other Internet addresses used in operation of the Franchised Restaurant is an asset that belongs to us. Upon cancellation, termination or expiration of the Franchise Agreement, you will be deemed to have assigned to us or our designee all right, title and interest in and to these and/or services associated with the same. You must sign the instruments we request to confirm the assignments and transfers to us.

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

You must designate a Principal Owner acceptable to us who will be responsible for the operational decisions of your Franchised Restaurant. Your Principal Owner must devote his or her full time to the Franchised Restaurant and must own at least 10% interest in your equity and voting rights (unless you are a publicly held entity or a wholly-owned subsidiary of a publicly-held entity) when you sign your Franchise Agreement. Under certain circumstances we may waive the requirement that your Principal Owner must have a 10% interest in your equity and voting rights. You must also designate a General Manager who will be the individual responsible for your Franchised Business in the absence of the Principal Owner. Your General Manager does not have to own an equity interest in you or the franchise. Your Franchised Restaurant must, at all times, be directly supervised by the Principal Owner. Your Principal Owner, if applicable, must, unless otherwise agreed in writing (i) devote 100% of his or her time and best efforts solely to the operation of your Dog Haus Restaurant; (ii) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; (iii) be an owner with 10% or more (direct or indirect) of your equity and voting rights, and (iv) be approved by us.

You must provide comprehensive initial training programs, additional training programs and refresher training programs for your other employees. Your Principal Owner and each General Manager and other supervisory or managerial personnel must successfully complete the ServSafe Food Safety Certification Program. Your Principal Owner and each General Manager must successfully complete the Certified Beer Server Program which is the first level of certification in the Cicerone Certification Program®. We may require each of your owners, General Managers and other supervisory and managerial employees who will have access to any confidential information to sign a Confidentiality and Non-Disclosure Agreement in substantially the form of Exhibit E. None of the provisions in the Confidentiality and Non-Disclosure Agreement are intended to prohibit or restrict any activity which prohibition or restriction violates your employees' rights to engage in protected concerted activity under the National Labor Relations Act.

If you are an entity, all present and future owners of the equity or your voting rights, including spouses (and family members who live in the same household, excluding minor children) must execute a written guarantee in a form we prescribe, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our affiliate. Upon each transfer or assignment of your interest in your Franchise Agreement, or other change in your ownership interests, and at any other time we request, these holders must re-execute a written guarantee in a form we prescribe.

All employees you hire or employ at your Franchised Restaurant will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers' compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisory or managerial personnel for qualification to perform certain functions at your Dog Haus Restaurant does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring

and employment decisions and functions relating to the Franchised Restaurant, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all, and only, those goods and services that we approve (See Item 8). We may add, delete, and change menu items that you may or must offer, in our unrestricted discretion, and this may require you to purchase additional equipment. There are no limits on our right to make changes. You may not operate any co-branding system without our prior written consent, which may be withheld unless we recognize the co-branding chain as an approved co-brand for operation within Franchised Restaurants. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another franchisor that is featured or incorporated within the Franchised Location or is adjacent to the Franchised Location and is operated in a manner likely to cause the public to perceive that it is related to your Franchised Restaurant.

We may, on occasion, require you to test market products and/or services at your Franchised Restaurant. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us.

No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Franchised Restaurant without our prior written consent. You cannot sell Authorized Products on the Internet.

We have the right to establish pricing guidelines for Dog Haus Authorized Products and, subject to applicable law, you must comply with, and be bound by, prices which we recommend, suggest or advertise. Subject to applicable law, you must honor the terms of all promotional or discount programs that we offer to the public and comply with all pricing policies we specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. You must also provide products and services we designate, on terms we specify, including free-of-charge. You must participate in all gift certificate and/or gift card administration programs that we designate. You must honor all coupons, gift certificates, gift cards and other programs or promotions that we specify. You must fully participate in all guest loyalty or frequent customer programs that we adopt or approve. You may not issue coupons or discounts of any type for use at your Dog Haus Restaurant that we do not approve in writing, which may be withheld in our discretion.

Subject to applicable law, your Dog Haus Restaurant must be open and operational at least 11 hours per day, 7 days per week or as we otherwise require. You must continually operate your Dog Haus Restaurant throughout the term of your Franchise Agreement. You must diligently and efficiently exercise your best efforts to achieve the maximum Gross Sales possible from your Dog Haus Restaurant and must remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise Agreement and Area Development Agreement. You should read these provisions in the agreements attached to this Disclosure Document. As described in Item 1, if you are signing your Franchise Agreement under an existing Area Development Agreement or with the renewal of an existing Franchise, some of these provisions may be modified to conform to the terms specified in your Area Development Agreement or your existing Franchise Agreement, as applicable.

FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
a. Length of the term of the franchise	Section 3.1	10 years
b. Renewal or extension of the term	Section 3.2	Successive 10 year terms
c. Requirements for Franchisee to renew or extend	Sections 3.2 – 3.4	You must notify us you wish to renew no less than 12 months prior to the expiration date of your Franchise Agreement; have complied with your obligations during the term of your Franchise Agreement; at our request, renovate or modernize your Franchised Restaurant to comply with our then-current standards for a new Franchised Restaurant; sign our then-current form of Franchise Agreement that may contain terms and conditions materially different from those in your original Franchise Agreement; satisfy our then-current training requirements; pay a renewal fee; sign a general release and provide us with a guarantee signed by all equity owners of the franchisee and their spouses (if the franchisee is an entity). The royalty and other payments under your renewal Franchise Agreement will be at the rates then applicable to new franchisees.
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
f. Termination by Franchisor with cause	Sections 16.1 – 16.3 and 16.5	We can terminate the Franchise Agreement if you materially default under your Franchise Agreement, any other individual Franchise Agreement, any Area Development Agreement (other than solely for your failure to meet your development obligation), or any other agreement between you and us.
g. "Cause" defined – curable defaults	Section 16.3	You have 5 days to cure non-payment of fees and 10 days to cure non-compliance with laws and defaults not listed in Section 16.2.
h. "Cause" defined non-curable defaults	Sections 16.1 and 16.2	Non curable defaults include: bankruptcy, foreclosure, and insolvency; abandonment; unapproved transfers; repeated defaults, even if cured; misrepresentations in acquiring your license; health or safety violations; trademark misuse; conviction of a felony; failure, for a period of 10 days after notification of noncompliance, to comply with any state or local law or regulation applicable to the operation of the Franchised Restaurant; knowingly maintaining false books or records or submitting false reports or knowingly underreporting gross sales; materially misusing the Dog Haus Marks; making an unauthorized use of the trade secrets or confidential information; failing to purchase appropriate inventory; failure to meet the site selection requirements, enter a Lease or open the Franchised Restaurant within the applicable time periods provided for in the Franchise Agreement; purchasing products from non-approved suppliers; a breach of your obligations under the Franchise Agreement or any other agreement between you and us that is not capable of being cured by you; an approved assignment is not effected within the time provided following your death or permanent incapacity; failing to comply with the covenants in Article 15 or failing to deliver the executed covenants required under Section 11.5 or Section 15.8 to us; failing to successfully complete the Initial training Program; failing to obtain or maintain the required insurance coverage; failing to make a payment within 10 days after receipt of written notice from us that any required payment is overdue, unless you notify us of a bona fide dispute and take immediate action to resolve it; failing to make timely payments upon any obligation if we have advanced any funds on your behalf or if we are acting as your guarantor or upon default or breach of any provisions of

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		any promissory note or other evidence of indebtedness or any agreement relating to the Franchise Agreement; if you default in the repayment or performance of any obligation or financing truncation with third parties under which your performance is secured by this franchise, the Franchised Location or any asset of the Franchised Restaurant; if you or any of your owners use abusive language when communicating to us, our staff, customers or denigrates the Dog Haus System or portrays it in an unflattering light on the Internet or otherwise; if you fail to sell and offer for sale all and only authorized services and merchandise required by us after receiving a Notice of Default from us or you fail to discontinue selling and offering for sale any services or merchandise that we may disapprove in writing at any time, within 10 days after your receipt of written notice from us to do so; and if you fail to respond to all communications from us in a timely manner.
i. Franchisee's obligations on termination/nonrenewal	Sections 17.1 - 17.4, 17.7 and 17.8	You must cease use of our trademarks, de-identify the Franchised Restaurant, pay all amounts due to us, and return the Manuals. You must pay us the sum of 2 multiplied by the total royalty fees paid (or if unpaid, payable) by you during the 12 months immediately preceding the effective date of termination to account for the actual damages that we will suffer as a result of the termination of the Franchise Agreement during the period that we estimate will expire while we search for a replacement franchise. We may, at our option, assume all telephone numbers for the Franchised Restaurant. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses or assumed, fictitious or corporate names that contain the Dog Haus Marks. See also "i" below.
j. Assignment of contract by Franchisor	Section 14.1	No restriction on our right to assign.
k. "Transfer" by Franchisee - definition	Section 14.2	Includes transfer of the Franchise Agreement or change in ownership of the business entity that owns it.
l. Franchisor's approval of	Section 14.2	Transfers require our prior written consent, which will not be unreasonably withheld.

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
transfer by Franchisee		
m. Conditions for Franchisor's approval of transfer	Sections 14.2 and 14.4	The proposed transferee must qualify, successfully complete our initial training program, sign our then-current Franchise Agreement (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement), provide us with a guarantee signed by all equity owners of the proposed franchisee and their spouses (if the proposed franchisee is an entity) and you must be in good standing, sign a general release, sign a guarantee of the transferee's obligations under the new Franchise Agreement in our favor and pay the transfer fee. See also "r" below. If the Franchise Agreement has been signed under an Area Development Agreement, except as described below, you must concurrently assign all other existing Franchise Agreements to the same assignee.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 14.3	We can match any offer for your business.
o. Franchisor's option to purchase Franchisee's business	Section 17.5	When your Franchise Agreement expires or is terminated, we have the option to purchase some or all of the assets of the Franchised Restaurant and some or all of your assets related to the Franchised Restaurant.
p. Death or disability of Franchisee	Section 14.5	Your spouse, heirs or personal representative has 180 days to purchase your interest or complete an assignment of your interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 15.2	You are prohibited from: (i) diverting any present or prospective Dog Haus customer to any competitor, or performing any other act injurious or prejudicial to the goodwill associated with the Dog Haus Marks and the Dog Haus System; (ii) employing or seeking to employ any person who is or has been within the preceding 90 days employed by us or our affiliate as a supervisory or managerial employee, or otherwise inducing the person to leave his or her employment; or (iii) owning or having any

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		interest in a "Competitive Business" with Dog Haus Restaurants. A "Competitive Business" is defined as any restaurant business that prepares, offers and sells gourmet hot dogs, sausages and hamburgers as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to Dog Haus Restaurants.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.3	For 2 years following the expiration or termination of your Franchise Agreement, you cannot own or have any interest in a competitive business within 2 miles of the Franchised Location or any other Franchised Restaurant. If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the termination, transfer, or expiration of your Franchise Agreement, 6% of the gross revenue of any business that provides similar services or products.
s. Modification of the agreement	Sections 6.5 and 21.5	The Franchise Agreement can be modified or amended only by written agreement of all of the parties. The Manuals are subject to change at any time. You must comply with any changes set forth in the Manuals.
t. Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement and its exhibits are binding (subject to applicable state law). No other representations or promises will be binding.
u. Dispute resolution by mediation	Section 19.1	We must first attempt to resolve all disputes by mediation in Los Angeles County, California, except for certain matters that may be brought in court.
v. Choice of forum	Section 19.2	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (<u>Exhibit G</u>) attached to this Disclosure Document.
w. Choice of law	Section 19.2	California, subject to the exception provided in Section 19.2 of the Franchise Agreement and applicable state law. See the State Specific Addenda (<u>Exhibit G</u>) attached to this Disclosure Document.

AREA DEVELOPMENT AGREEMENT

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
a. Length of the term of the Area Development	Article 3	5 years or the date you sign the Franchise Agreement for the last Franchised Restaurant necessary to satisfy your development obligations, whichever is earlier.
b. Renewal or extension of the term	Section 2.6	If you satisfy the Development Obligation and desire to develop, open and operate additional Franchised Restaurants in the Development Area, you will have the right to extend the term of your Development Agreement for an additional 5 years provided you comply with the conditions in the Area Development Agreement.
c. Requirements for Area Developer to renew or extend	Section 2.6	You must notify us you wish to renew no less than 180 prior to the expiration date of your Area Development Agreement, sign our then-current Area Development Agreement, which will contain your additional development obligations during the renewal term; you must sign a general release; you may be asked to sign a Franchise Agreement that contains terms and conditions materially different from those in your previous agreements; you must have fulfilled all of your obligations under the Area Development Agreement; you must demonstrate your financial ability to implement and complete your renewal development obligations; you must pay the renewal fee.
d. Termination by Area Developer	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with "cause"	Sections 11.1-11.3 and 11.5	We can terminate the Area Development Agreement if you default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you or your affiliate and us.
g. "Cause" defined - curable defaults	Section 11.3	You have 30 days to cure defaults under your Area Development Agreement, and in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
h. "Cause" defined – non-curable defaults	Sections 11.1 and 11.2	Non-curable defaults include: bankruptcy, insolvency; unapproved transfers; failure to meet your development obligations; any breach of the covenants not to compete set forth in Article 13; repeated defaults, even if cured; unapproved transfers; termination of any of your Franchise Agreements; conviction of a felony; disclosure of confidential information; and a breach of your obligations under the Area Development Agreement or any other agreement between you and us that is not capable of being cured by you.
i. Area Developer's obligation on termination/non-renewal	Section 12.1	You will have no further right to develop or operate additional Franchised Restaurants which are not, at the time of termination, the subject of a then validly existing Franchise Agreement between you and us. You may continue to own and operate all Franchised Restaurants under then validly existing Franchise Agreements.
j. Assignment of contract by Franchisor	Section 9.1	No restrictions on our right to assign.
k. "Transfer" by Area Developer – defined	Section 9.2	Includes transfer of the agreement or changes in ownership of the business entity which owns it. No shares of an Area Developer that is a business entity may be offered for sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Franchisor's approval of transfer by Area Developer	Section 9.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Sections 9.2.1 and 9.4	Except as described below, you may not transfer any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all of the Franchise Agreements signed under the Area Development Agreement to the same assignee. The proposed buyer must sign our then-current form of Franchise Agreement for each of your Franchised Restaurants then developed or under development. The proposed transferee must qualify as a franchisee and sign our then-current Area Development Agreement and provide us with a guarantee signed by all equity owners of the proposed franchisee and their spouses (if the proposed transferee is an entity) and you must be in good standing, sign a general release, sign a guarantee of the

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
		transferee's obligations under new Area Development Agreement and pay the transfer fee. See also "r" below.
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 9.3	We may match any offer to purchase your business.
o. Franchisor's option to purchase Area Developer's business	Not Applicable	Not Applicable
p. Death or disability of Area Developer	Section 9.5	Your spouse, heirs or personal representative has 180 days to purchase your interest or complete an assignment of your interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 13.2	You are prohibited from: (i) diverting any present or prospective Dog Haus customer to any competitor, or performing any other act injurious or prejudicial to the goodwill associated with the Dog Haus Marks and the Dog Haus System; (ii) employing or seeking to employ any person who is or has been within the preceding 90 days employed by us or our affiliate as a supervisory or managerial employee, or otherwise inducing the person to leave his or her employment; or (iii) owning or having any interest in a "Competitive Business" with Dog Haus Restaurants. A "Competitive Business" is defined as any restaurant business that prepares, offers and sells gourmet hot dogs, sausages and hamburgers as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to Dog Haus Restaurants.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.3	For 2 years following the expiration or termination of your Area Development Agreement, you cannot own or have any interest in a competitive business within 2 miles of any location designated as a "Franchised Location" in a Franchise Agreement between you and us, or at any location within a 2 mile radius of any Dog Haus Restaurant or a Franchised Location.
s. Modification of the Area Development Agreement	Section 18.5	The Area Development Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Section 18.5	Only the terms of the Area Development Agreement and its exhibits are binding (subject to applicable state law). No other representations or promises will be binding. Any representations or promises outside of the Disclosure

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
		Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by mediation	Section 15.1	We must first attempt to resolve all disputes by mediation in Los Angeles County, California, except for certain matters that may be brought in court.
v. Choice of forum	Section 15.2	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (<u>Exhibit G</u>) attached to this Disclosure Document.
w. Choice of law	Section 15.2	California, subject to the exception provided in Section 15.2 of the Area Development Agreement and applicable state law. See the State Specific Addenda (<u>Exhibit G</u>) attached to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

Adam Gertler, a celebrity chef whose Food Network appearances include "The Next Food Network Star," "Kid in a Candy Store" and "Will Work for Food," makesis a Dog Haus salaried employee who produces all of the sausages served at Dog Haus Restaurants and occasionally makes appearances at Dog Haus Restaurants. Adam Gertler to promote the brand as part of his employment duties. He does not receive any compensation or benefits for performing these duties other than his salary. Adam has been involved in the world of food since his first job at a donut shop at the age of 16. He was the executive chef of The Smoked Joint: A Barbecue Experience in Philadelphia which opened in 2003. In 2008, he appeared on season 4 of The Next Food Network Star. Adam served as host of Will Work For Food (2009) and Kid In A Candy Store (2010), both on Food Network. Adam has also appeared on many episodes of Food Network's The Best Thing I Ever ate and The Best Thing I Ever Made, as well as episodes of Food Network Challenge and Chef Vs. City. In 2012, Adam channeled his passion for encased meats into another career and began working with us as our Würstmacher (sausage maker) and brand ambassador. Adam is currently the host of FX Movie Download on FX and Man Vs. Child on fyi.

With this exception, no compensation or other benefit is given or promised to a public figure for the use of a public figure in the name or symbol of the Franchised Restaurant or the endorsement or recommendation of the Franchised Restaurant by a public figure in advertisements. You do not have the right to use the name of any public figure in promotional efforts or marketing without our prior written approval. No public figures are involved in the actual management or control of Dog Haus Worldwide, LLC.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing

outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance of 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 our Director of Franchise Development, Erik Hartung, 22 Central Court, Pasadena, California 91105; Telephone: 626-796-4287; the Federal Trade Commission; and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR FISCAL YEARS 2015 to 2017**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised				
	2015	5	10	+5
	2016	10	19	+9
	2017	19	27	+8
Company-Owned				
	2015	3	2	-1
	2016	2	2	0
	2017	2	1	-1
Total Outlets				
	2015	8	12	+4
	2016	12	21	+9
	2017	21	28	+7

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2015 to 2017

STATE	YEAR	NUMBER OF TRANSFERS
California		
	2015	0
	2016	1
	2017	3
Total Outlets		
	2015	0
	2016	1
	2017	3

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2015 TO 2017

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	OUTLETS REACQUIRED BY FRANCHISOR	OUTLETS SOLD TO FRANCHISEE	NON- RENEWALS	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona									
	2015	0	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	0	1
	2017	1	0	0	0	0	0	0	1
California									
	2015	4	4	0	0	0	0	0	8
	2016	8	7	0	1	1	0	0	15
	2017	15	3	0	0	1	0	0	19
Colorado									
	2015	1	0	0	0	0	0	0	1
	2016	1	0	0	0	0	0	0	1
	2017	1	2	0	0	0	0	0	3
Illinois									
	2015	0	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	0	1
Nevada									
	2015	0	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	0	1
Texas									
	2015	0	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	0	1
Utah									
	2015	0	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	0	1

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	OUTLETS REACQUIRED BY FRANCHISOR	OUTLETS SOLD TO FRANCHISEE	NON- RENEWALS	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
	2017	1	0	0	0	0	0	0	1
Total Outlets									
	2015	5	5	0	0	0	0	0	10
	2016	10	9	0	1	1	0	0	19
	2017	19	7	0	0	1	0	0	27

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2015 TO 2017

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
California							
	2015	3	0	0	0	1	2
	2016	2	0	1	0	1	2
	2017	2	0	0	0	1	1
Total							
	2015	3	0	0	0	1	2
	2016	2	0	1	0	1	2
	2017	2	0	0	0	1	1

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TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2017

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Alabama	0	1	0
Arizona	1	1	0
California	7	7	0
Colorado	0	1	0
Florida	0	1	0
Georgia	0	1	0
Illinois	1	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maryland	1	1	0
Michigan	0	1	0
New York	0	1	0
Ohio	1	1	0
Pennsylvania	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Utah	0	0	0
Totals	11	22	0

There are no independent franchisee organizations that have asked to be included in this Disclosure Document. During the last 3 fiscal years we have not signed confidentiality clauses with current or former franchisees. Provided in **Exhibit K** are lists of the names, addresses, and telephone numbers of all current franchisees, and of franchisees who had an outlet terminated, canceled, not renewed, or reacquired by us, or who otherwise voluntarily or involuntarily ceased to do business, during the fiscal year ending December 31, 2017. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. 1 of our franchisees had their outlet terminated, canceled, not renewed, or reacquired by us, or otherwise voluntarily or involuntarily ceased to do business during the fiscal year ending December 31, 2017. None of our franchisees have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit I** is our audited balance sheet dated April 2, 2018 and DHI's audited financial statements as of December 31, 2016, and 2015. Our fiscal year end is December 31.

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ITEM 22
CONTRACTS

Attached:

Exhibit A is a copy of our current form of Franchise Agreement.

Exhibit B is a copy of our current form of Area Development Agreement.

Exhibit C is a copy of our current form of Option to Obtain Lease Assignment.

Exhibit D is a copy of our current form of Confidentiality Agreement for Prospective Franchisees.

Exhibit E is a copy of our current form of Non-Disclosure and Confidentiality Agreement for Employees of Franchisee.

Exhibit F is a copy of our current form of General Release.

Exhibit G is a copy of our State Specific Addenda.

Exhibit H is a copy of our current form of Franchise Compliance Certificate.

ITEM 23
RECEIPTS

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as **Exhibit L**. Please return one copy to us and retain the other for your records.

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT A
FRANCHISE AGREEMENT**

DOG HAUS WORLDWIDE, LLC

EXHIBIT A

FRANCHISE AGREEMENT

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
1. DEFINITIONS.....	1
2. GRANT.....	8
3. INITIAL AND RENEWAL TERMS.....	9
4. FEES AND PAYMENTS.....	10
5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS.....	12
6. OBLIGATIONS OF FRANCHISOR.....	15
7. OBLIGATIONS OF FRANCHISEE.....	17
8. SUPPLIERS AND PRODUCTS.....	26
9. DOG HAUS MARKS.....	27
10. MARKETING.....	29
11. CONFIDENTIAL INFORMATION.....	32
12. ACCOUNTING AND RECORDS.....	34
13. INSURANCE.....	36
14. TRANSFER OF INTEREST.....	37
15. COVENANTS.....	41
16. DEFAULT AND TERMINATION.....	44
17. OBLIGATIONS FOLLOWING TERMINATION OR EXPIRATION.....	48
18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.....	50
19. DISPUTE RESOLUTION.....	52
20. NOTICES.....	54
21. ACKNOWLEDGMENTS.....	54

EXHIBITS

EXHIBIT A	FRANCHISE INFORMATION
EXHIBIT B	ENTITY INFORMATION DISCLOSURE
EXHIBIT C	GUARANTEE OF FRANCHISE AGREEMENT
EXHIBIT D	DEBIT AUTHORIZATION FORM

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into as of the "**Effective Date**" set forth on Exhibit A by and between **DOG HAUS WORLDWIDE, LLC**, a California limited liability company ("**Franchisor**"), on the one hand, and the individuals or Entity identified as "**Franchisee**" on Exhibit A, on the other hand, who are individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**", with reference to the following facts:

A. Franchisor, its predecessor and Affiliate have developed the "**Dog Haus System**" for the establishment and operation of fast-casual restaurants ("**Dog Haus Restaurants**") that offer freshly prepared, cooked to order, high quality proprietary gourmet hot dogs, sausages and hamburgers accompanied by Franchisor's proprietary sauces and a variety of other related food products, side dishes and alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption under the trade name and service mark "**Dog Haus**" and other related trademarks, service marks, logos and commercial symbols (collectively, the "**Dog Haus Marks**").

B. Franchisee desires to obtain a license and franchise to develop, own and operate one "**Dog Haus Biergarten**" or "**Dog Haus Fast Casual Restaurant**" (the "**Franchised Restaurant**"), under the Dog Haus Marks in strict accordance with the Dog Haus System and the standards established by Franchisor, and Franchisor is willing to grant Franchisee a license and franchise under the terms and conditions in this Agreement.

NOW, THEREFORE, THE PARTIES AGREE:

1. **DEFINITIONS.**

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"**Abandon**" means (i) Franchisee's failure, at any time during the Term, to keep the Franchised Restaurant open and operating for business for a period of five (5) consecutive days, except as provided in the Manuals; (ii) Franchisee's failure to keep the Franchised Restaurant open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Restaurant, unless the failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement); (iii) the withdrawal of permission from the Landlord that results in Franchisee's inability to continue operation of the Franchised Restaurant at the Franchised Location; or (v) a closure of the Franchised Restaurant required by Applicable Law.

"**Additional Post-Opening Initial Training Fee**" means the \$1,500 weekly fee that Franchisee shall pay Franchisor for each trainee if Franchisee requests Franchisor to provide its Initial Training Program for new or replacement employees of Franchisee following the Opening Date of the Franchised Restaurant.

"**Additional Pre-Opening Initial Training Fee**" means the \$3,500 fee that Franchisee shall pay Franchisor for each additional trainee if Franchisee requests Franchisor to provide its Initial Training Program to more than two (2) persons selected by Franchisee prior to the Opening Date of the Franchised Restaurant.

"**Administrative Assessments**" means \$100 for Franchisor's services for processing the first violation of a reporting requirement, \$200 for Franchisor's services for processing the second violation of a reporting requirement, and \$300 for Franchisor's services for processing the third and each subsequent violation of the same.

reporting requirement, each levied to reimburse Franchisor for its administrative efforts to process Franchisee's reporting violations, and not as a penalty.

"Affiliate" or "Affiliates" mean any person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

"Applicable Law" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the Franchised Restaurant that are in effect on or after the Effective Date, as they may be amended from time to time.

"Co-Branding" means the operation of an independent business, product line or operating system owned or licensed by another Entity (not Franchisor) that is featured or incorporated within the Franchised Restaurant or is adjacent to the Franchised Restaurant and operated in a manner likely to cause the public to perceive it is related to the Franchised Restaurant. An example would be an independent ice cream store or counter installed within the Franchised Restaurant.

"Competitive Business" means any restaurant business that prepares, offers and sells gourmet hot dogs, sausages and hamburgers as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Franchised Restaurant.

"Constituents" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"Crisis Management Event" means any event that occurs at or about the Franchised Restaurant that has or may cause harm or injury to customers or employees, including, without limitation, food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or any other circumstance which may damage the Dog Haus System, the Dog Haus Marks, or the image or reputation of Franchisor and its Affiliates.

"Default" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"Dog Haus Approved Suppliers" means suppliers of Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products, and ancillary services, food products, beverages, supplies, furniture, fixtures and equipment for Dog Haus Restaurants that have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services for Dog Haus Restaurants meeting Franchisor's specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be Dog Haus Approved Suppliers.

"Dog Haus Authorized Products" means all Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products offered for sale or used at Dog Haus Restaurants, as specified by Franchisor from time to time.

"Dog Haus Biergarten" a Dog Haus Restaurant of approximately 1,800 to 2,200 square feet in size and will be required to have (i) a minimum 24 beers on tap; (ii) a minimum of 8 seats at the bar; (iii) at least one bartender on duty at all times; (iv) a minimum of 4 televisions; (v) have cable/satellite television capability with multiple control boxes, including DirectTV boxes, Dog Haus TV boxes, PC Music boxes and Video Box; (vi) a patio with a minimum of 24 seats; (vii) open or enclosed kitchens, depending on the layout of the premises; (viii) extended hours of operation; (ix) glassware, a beer wheel and a dishwasher; (x) additional equipment; (xi) server with a handheld POS; (xii) happy-hour pricing for food and beverages and (xiii) a wine kegerator with 2 taps. In addition, Dog Haus Biergartens may have brewery events, club affiliations, video games, ping shuffleboard, board games, bocce ball, pool tables, corn hole or foosball. If the Dog Haus Restaurant serves liquor, Franchisee must purchase an additional freezer and ice molds.

"Dog Haus Branded Products" means any product now existing or developed in the future that bears any of the Dog Haus Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's recipes, methods, standards and specifications, including pre-packaged food and beverage products, clothing, souvenirs and novelty items.

"Dog Haus Fast Casual Restaurant" means a Dog Haus Restaurant of approximately 1,300 to 1,600 square feet and will have a limited menu, will take orders at the counter, will have communal seating, and will have a limited selection of beer and wine available for purchase.

"Dog Haus Franchise Agreements" means Franchise Agreements between Franchisor and other Dog Haus Franchisees for Dog Haus Restaurants, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"Dog Haus Franchisees" means the parties who enter into Dog Haus Franchise Agreements with Franchisor to develop, own and operate Dog Haus Restaurants.

"Dog Haus Proprietary Products" means Dog Haus food products, beverages, packaging and other items that are produced or manufactured strictly in accordance with the Dog Haus Trade Secrets or that Franchisor or its Affiliates otherwise designate as proprietary.

"Dog Haus System" means Franchisor's operating methods and business practices related to Dog Haus Restaurants, the relationship between Franchisor and Dog Haus Franchisees, interior and exterior restaurant design, trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and preparation methods, recommended pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and training programs, marketing and public relations programs, and Franchisor's website, all as Franchisor may modify the same from time to time.

"Dog Haus Trade Secrets" means proprietary and Dog Haus Confidential Information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating the Franchised Restaurant and producing Dog Haus Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee's possession before receipt from Franchisor.

"Electronic Signature" means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic signatures.

"Entity" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Franchisee is an Entity, the Entity shall conduct no business other than the operation of the Franchised Restaurant.

"Equity" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"Expiration Date" means the tenth (10th) anniversary of the Opening Date as set forth on Exhibit A.

"Force Majeure" means any event (i) that was reasonably unforeseeable as of the Effective Date; (ii) that is beyond the reasonable control, directly or indirectly, of a Party; (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) that causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, **"Force Majeure"** includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting restaurants generally; and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy, or a party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person, or Franchisee's financial inability to perform or Franchisee's insolvency, shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure.

"Franchised Location" means the site of the Franchised Restaurant as set forth on Exhibit A.

"General Manager" means an individual who is responsible for overseeing the operation of the Franchised Restaurant in the absence of the Principal Owner as set forth on Exhibit B.

"General Release" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"Grand Opening Marketing Expenditure" means the \$12,500 - \$17,500 that Franchisee must spend for a promotional campaign for the grand opening of the Franchised Restaurant within ninety (90) days of the Opening Date.

"Good Standing" means Franchisee is in substantial compliance with the material requirements of this Agreement, the Manuals and all other agreements then in effect between Franchisor, or its Affiliates, and Franchisee, and has substantially cured each curable Default for which Franchisor has issued a Notice of Default to Franchisee within the time periods set forth in Article 16.

"Governmental Authority" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Sales" means the total of all revenues derived from sales of any nature or kind whatsoever from the Franchised Restaurant during the Term, whether evidenced by cash, services, property, barter, or other means of exchange, including orders taken in or from the Franchised Restaurant although filled elsewhere. **"Gross Sales"** shall include the full value of drinks and snacks Franchisee provides to its employees as incident to their employment (less the value of any discounts against Gross Sales given during the month in which the drinks and snacks were provided) and all proceeds from the sale of coupons, gift certificates or vouchers. **"Gross Sales"** shall exclude the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"Initial Franchise Fee" means the \$35,000 initial fee that Franchisee must pay Franchisor for the right to operate the Franchised Restaurant under this Agreement.

"Initial Term" means the ten (10) year period commencing on the Opening Date and ending on the Expiration Date.

"Initial Training Program" means Franchisor's training program that Franchisor shall provide for up to two (2) persons selected by Franchisee who must include the Principal Owner and General Manager, at no charge to Franchisee before Franchisee begins servicing customers and that Franchisor may provide at other times during the Term, upon Franchisee's request, and by mutual arrangement of the Parties for the Additional Pre-Opening Initial Training Fees and the Additional Post-Opening Initial Training Fees described in this Agreement. Franchisor may modify the Initial Training Program at any time without notice.

"Landlord" means the owner of the Franchised Location who enters into a Lease with Franchisee for the Franchised Location.

"Lease" means any agreement, however denominated, that allows Franchisee to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Franchisee and a Landlord.

"Local Store Marketing Expenditure" means the amount that Franchisee shall spend each week during the Term for local promotion and marketing for the Franchised Restaurant equal to one percent (1%) of the Gross Sales of the Franchised Restaurant or \$3,750 per quarter, whichever is greater. Franchisor shall have the right to adjust the amount of the Local Store Marketing Expenditure at any time and from time to time during the Term upon ninety (90) days' prior written notice from Franchisor to Franchisee, to an amount not to exceed three percent (3%) of Gross Sales.

"Manuals" means Franchisor's Operations Manual, which may consist of one or more manuals, and any other written directives related to the Dog Haus System, as they may be amended, issued and revised from time to time.

"Marketing, Creative & Technology Fees" means the fees that Franchisee shall pay Franchisor each week equal to two percent (2%) of the Gross Sales of the Franchised Restaurant. Franchisor shall have the right to adjust the amount of the Marketing, Creative & Technology Fees at any time and from time to time during the Term upon ninety (90) days' prior written notice from Franchisor to Franchisee, to an amount not to exceed three and one-half percent (3.5%) of Gross Sales.

"Marketing, Creative & Technology Fund" means the fund that Franchisor has established to promote the Dog Haus Marks and Dog Haus Restaurants.

"NACHA" means the National Automated Clearing House Association, an organization that establishes the standards and rules followed by financial institutions for transferring payments.

"Non-Proprietary Products" means the food and beverage products, condiments, drink ingredients, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, POS Systems, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Dog Haus Branded Products and Dog Haus Proprietary Products, that Franchisee may or must use, offer and sell at the Franchised Restaurant.

"Non-Traditional Venues" means a broad variety of atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings including office buildings and business complexes, arenas, stadiums and entertainment venues, health clubs and recreational facilities, beaches, parks, prisons, airports, train stations, travel plazas, toll road facilities and other transportation terminals and related facilities, educational, medical, governmental and other types of institutional facilities, restaurant-in retail locations or restaurant-in-store (for example, a cafe within a grocery store), trucks, cafeterias, casinos, food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its beverages and/or food service facilities to a master concessionaire or contract food service provider.

"Notice of Default" means a written notice from one Party to another Party demanding the cure of a Default and demanding that the defaulting Party provide evidence of the cure to the other Party.

"Open," "Open For Business," and "Opened" means that Franchisee has actually begun to offer Dog Haus Authorized Products for sale to the public from the Franchised Restaurant.

"Opening Date" means the day that (i) Franchisee receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at the Franchised Restaurant, and (ii) Franchisee actually begins to offer Dog Haus Authorized Products for sale to the public from the Franchised Restaurant, whichever occurs last, as set forth on Exhibit A.

"Owner" means each of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit C.

"Payment Network" means Visa, MasterCard and any credit or debit card network issuing credit or debit cards and/or their duly authorized entities, agents or affiliates.

"Payment Processors" means all credit card, debit card and/or ACH processors whose services Franchisor may require Franchisee to utilize, as well as payment gateway service providers.

"Payment Rules" means the operating rules and regulations of Payment Processors and any applicable Payment Network, as in effect from time to time.

"Post-Opening Additional Training Program Fee" means the \$400 daily fee that Franchisee shall pay Franchisor for Post-Opening Additional Training Programs provided by Franchisor for each of Franchisor's representatives who provides Post-Opening Additional Training Programs for Franchisee.

"Principal Owner" means the individual designated by Franchisee on Exhibit B and accepted by Franchisor to serve as the primary operator of the Franchised Restaurant, to serve as the authorized representative of Franchisee who shall act as Franchisee's representative in all matters with Franchisor as Franchisee's liaison with Franchisor and the Owners, and who shall have the authority to act on behalf of Franchisee during the Term without the active participation of any other Owner.

"Protected Area" means the geographic area designated on Exhibit A.

"Recommended Suppliers" means suppliers of Non-Proprietary Products who are recommended by Franchisee to become Dog Haus Approved Suppliers.

"Relocation Fee" means the \$5,000 fee that Franchisee must pay Franchisor if Franchisee requests Franchisor to consent to a relocation of the Franchised Restaurant.

"Renewal Fee" means the \$5,000 fee that Franchisee must pay Franchisor to extend the Initial Term and each Renewal Term.

"Renewal Right" means the right held by Franchisee to renew this Agreement for successive Renewal Terms upon the expiration of the Initial Term and prior Renewal Terms.

"Renewal Term" means successive periods, each for ten (10) years.

"Renewal Term Expiration Date" means the tenth anniversary of the commencement date of each Renewal Term.

"Restricted Person" means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"Royalty Fees" means the fees that Franchisee shall pay Franchisor Monday of each week during the Term equal to six percent (6%) of the Gross Sales of the Franchised Restaurant during the immediately preceding week.

"Term" the Initial Term unless this Agreement is extended for one or more Renewal Terms, in which case "Term" shall mean both the Initial Term and the Renewal Terms.

"Then-Current" means the form of agreement then-currently provided by Franchisor to similarly situated prospective Dog Haus Franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a Dog Haus Franchisee of Franchisor, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor for services provided by Franchisor.

"Transfer Fee" means the \$17,500 fee that Franchisee must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"Website" means an interactive electronic document contained in a network of computers linked by communication software that refers to the Franchised Restaurant, the Dog Haus Marks, Franchisor or the Dog Haus System, and includes Internet and World Wide Web home pages.

2. GRANT.

2.1 **Grant.** Franchisor hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Initial Term, to use and display the Dog Haus Marks and use the Dog Haus System to continually operate one (1) Dog Haus Restaurant of the type specified on Exhibit A at, and only at, the Franchised Location, upon the terms and subject to the provisions of this Agreement and all ancillary documents binding Franchisor and Franchisee. Franchisee shall utilize the Franchised Location only for the operation of the Franchised Restaurant. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the Franchised Restaurant or to use the Dog Haus System granted pursuant to this Agreement.

2.2 **Protected Area.** Except as provided in Section 2.3, during the Initial Term, and provided that Franchisee is not in Default of this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee, Franchisor shall not own, operate, sell or issue a franchise for any other Franchised Restaurant within the Protected Area. Franchisee shall not receive an exclusive territory. The license granted to Franchisee under this Agreement is nonexclusive, and except as provided in this Section 2.2 and on Exhibit A, Franchisee shall have no territorial or protective rights.

2.3 **Rights Reserved by Franchisor.** Franchisor and its Affiliates expressly reserve all other rights with respect to the Dog Haus System, the Dog Haus Marks and Dog Haus Restaurants, including the exclusive right, in their discretion, directly or indirectly, without paying Franchisee any compensation or granting Franchisee any rights in the same to: (i) develop, own and operate, and to grant licenses and franchises to third parties to develop, own and operate, Dog Haus Restaurants at any location outside of the Protected Area regardless of its proximity to the Franchised Restaurant; (ii) develop, own and operate, and to grant licenses and franchises to third parties to develop, own and operate, any other business, including a beverage and snack or food business, other than a Competitive Business, under marks and systems different from the Dog Haus Marks and the Dog Haus System at any location within or outside of the Protected Area regardless of its proximity to the Franchised Restaurant; (iii) sell or distribute, at retail or wholesale, directly or indirectly, and license others to sell or distribute, Dog Haus Branded Products and Dog Haus Proprietary Products from any location within or outside of the Protected Area regardless of proximity to the Franchised Restaurant, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) market on the Internet and use the Dog Haus Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (v) acquire, own and operate and to grant licenses and franchises to third parties to develop, own and operate, other

restaurants or food service businesses at any location within or outside of the Protected Area regardless of their proximity to the Franchised Restaurant; (vi) develop, own or operate and to grant licenses or franchises to third parties to develop, own or operate Dog Haus Restaurants at Non-Traditional Venues within and outside of the Protected Area regardless of their proximity to the Franchised Restaurant; (vii) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Dog Haus Restaurants and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (viii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at Dog Haus Restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; and (ix) engage in all other activities that this Agreement does not expressly prohibit.

3. INITIAL AND RENEWAL TERMS.

3.1 Initial Term. The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date. If Franchisee does not elect to renew the Initial Term under Section 3.2, this Agreement shall expire on the Expiration Date.

3.2 Renewal Right. Upon the expiration of the Initial Term, Franchisee shall have the right (the “**Renewal Right**”) to enter into a new franchise agreement in the Then-Current form then generally being offered to prospective Dog Haus Franchisees (a “**Renewal Franchise Agreement**”) for successive Renewal Terms. If Franchisee desires to exercise the Renewal Right for a Renewal Term, Franchisee shall, no later than twelve (12) months prior to the Expiration Date or Renewal Term Expiration Date, as the case may be, notify Franchisor in writing (the “**Renewal Notice**”) that Franchisee desires to extend the Initial Term or Renewal Term for the duration of the Renewal Term or the next successive Renewal Term. If Franchisee exercises a Renewal Right, this Agreement shall terminate on the next Renewal Term Expiration Date. This Agreement is not otherwise renewable.

3.3 Conditions to Renewal. Franchisee may exercise its Renewal Rights only if all of the following conditions precedent are satisfied prior to the Expiration Date or Renewal Expiration Date, as the case may be: (i) Franchisee shall have fully performed all of its obligations under this Agreement, any Area Development Agreement and all other agreements binding Franchisor and Franchisee and shall be in Good Standing on the date of the Renewal Notice, on the date of Franchisor’s execution of the Renewal Franchise Agreement and on the Expiration Date of Renewal Expiration Date, as the case may be; (ii) Franchisee shall, prior to the commencement date of the Renewal Term, undertake and complete at its expense, the remodeling, renovation, modernization, and refurbishing of the Franchised Location and the Franchised Restaurant to comply with Franchisor’s Then-Current specifications and standards for new Dog Haus Restaurants; (iii) Franchisee shall not have committed three (3) or more material Defaults during any twelve (12) month period during the then-expiring Initial Term or Renewal Term, as the case may be, which were subject to notices of Default issued by Franchisor, whether or not the Defaults were cured; (iv) Franchisee shall continue to comply with the terms and conditions of this Agreement; (v) Franchisee shall have satisfied Franchisor’s Then-Current qualifications and training requirements; (vi) Franchisee shall have executed and delivered to Franchisor a General Release; (vii) each Owner and each Owner’s spouse of Franchisee shall have executed and delivered to Franchisor a personal guarantee, in a form then satisfactory to Franchisor, jointly and severally guaranteeing Franchisee’s performance of its obligations under the Renewal Franchise Agreement; (viii) Franchisee shall have paid Franchisor a Renewal Fee when Franchisee issues the Renewal Notice to Franchisor; and (ix) Franchisee shall have executed the Renewal Franchise Agreement and delivered it to Franchisor.

3.4 Renewal Procedures. Following the expiration of any waiting periods required by Applicable Law and no more than thirty (30) days after Franchisee receives franchise disclosure document, if applicable, and the execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor. If Franchisee has exercised a Renewal Right in accordance with Section 3.2 and satisfied all of the conditions in Section 3.3 and this Section 3.4, Franchisor shall execute the Renewal Franchise Agreement. If Franchisee fails to perform any of the acts, or deliver any of the notices required under this Article 3 in a timely fashion, the failure to do so shall be deemed an election by Franchisee not to exercise the applicable Renewal Right and shall automatically cause the applicable Renewal Right to lapse and expire.

3.5 Notice Required by Law. If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or a Renewal Term, as the case may be, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its Then-Current form of franchise agreement, at the time Franchisee delivers a Renewal Notice, Franchisor may, in its discretion (i) offer to renew this Agreement upon the same terms set forth in this Agreement for a renewal term determined in accordance with Section 3.2; or (ii) offer to extend the Term on a week-to-week basis following the expiration of the Term for as long as it deems necessary or appropriate so that it may lawfully offer its Then-Current form of franchise agreement.

3.6 Month-to-Month Agreement. If Franchisee does not sign Franchisor's Then-Current Franchise Agreement prior to the Expiration Date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other with written notice of such party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement; or such longer notice period as is required by Applicable Law. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement.

4. FEES AND PAYMENTS.

4.1 Initial Franchise Fee. On the Effective Date, Franchisee shall pay Franchisor the Initial Franchise Fee in the manner provided in Section 4.6. The Initial Franchise Fee shall be non-refundable, in whole or in part, when paid.

4.2 Royalty Fees. Franchisee shall pay Franchisor a weekly Royalty Fee in the manner provided in Section 4.6 without deduction, abatement or offset. The Royalty Fee shall be paid on Monday of each week on the Gross Sales of the Franchised Restaurant during the preceding week. Each payment shall be accompanied by a statement of Gross Sales for the preceding calendar week, certified as complete and accurate by the Principal Owner.

4.3 Marketing, Creative & Technology Fees. Franchisee shall pay a weekly Marketing, Creative & Technology Fee to the Marketing, Creative & Technology Fund in the manner provided in Section 4.6 without deduction, abatement or offset. The Marketing, Creative & Technology Fee shall be paid on Monday of each week on the Gross Sales of the Franchised Restaurant during the immediately preceding week. Franchisor may, at any

time during the Initial Term, upon ninety (90) days' prior notice to Franchisee, increase the amount of the Marketing, Creative & Technology Fee to no more than three and one-half percent (3.5%) of Gross Sales. In addition, Franchisor may, from time to time, offer Franchisee the opportunity to purchase point of sale advertising material, posters, flyers, product displays, templates and other promotional materials for the Franchised Restaurant at Franchisor's direct costs for the same.

4.4 Other Payments. Franchisee shall promptly pay Franchisor and its Affiliates, as applicable, when due without deduction, abatement or offset (i) all amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever; and (ii) all amounts due to Franchisor or its Affiliates for Dog Haus Branded Products and Dog Haus Proprietary Products sold to Franchisee.

4.5 Interest and Charges for Late Payments. If Franchisee fails to pay any amount due to Franchisor under this Agreement by the date payment is due, or if any electronic payment is unpaid because of insufficient funds or otherwise, Franchisee shall additionally be obligated to pay, as a late charge, the sum of \$200 for each late payment transaction. Additionally, Franchisee shall pay interest on the amount outstanding for each late payment transaction at the rate of one and one-half percent (1.5%) per month (but not to exceed the maximum legal rate of interest) imposed from the date payment was due until the entire sum and late charge are paid in full. This Section 4.5 does not constitute an agreement by Franchisor to accept any payment after the date payment is due or a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee, and Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement notwithstanding this Section 4.5.

4.6 Manner of Payment. Franchisee shall make all payments due to Franchisor or its Affiliates from Franchisee's bank account by electronic funds transfer ("EFT") or other automatic payment mechanism that Franchisor may designate. Promptly upon Franchisor's request, Franchisee shall execute and deliver to Franchisor the EFT payment form attached to this Agreement as Exhibit D and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw the Royalty Fees and other sums payable under the terms of this Agreement. Franchisee shall maintain a single bank account for all EFT payments and shall maintain such minimum balance in this account in the amount that Franchisor may reasonably specify from time to time in order to ensure that all payments due to Franchisor and its Affiliates can be paid in full when drawn from the account. Franchisee shall not alter or close this account except with Franchisor's prior written approval. Any failure by Franchisee to implement an EFT system in strict accordance with Franchisor's instructions shall constitute a material Default of this Agreement. All payments by Franchisee shall be made in US Dollars free and clear of any tax, deduction, offset or withholding of any kind. Franchisee shall register for and collect and report sales tax in compliance with all Applicable Laws. All taxes and penalties, presently or in the future levied on the payments due to Franchisor under this Agreement shall be fully borne by Franchisee.

4.7 Application of Funds. If Franchisee shall be delinquent in the payment of any obligation to Franchisor under this Agreement, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to application.

4.8 Security Interest. Franchisee hereby grants Franchisor and its Affiliates a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Franchised Restaurant, now or hereafter acquired by Franchisee, together with all accounts,

payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of the assets, all rights of Franchisee to use the Dog Haus Marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the Dog Haus Marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor and its Affiliates to prepare and file all Uniform Commercial Code (and comparable) financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. If Franchisee is in Good Standing under this Agreement and all other agreements between Franchisee and Franchisor or its Affiliates, then Franchisor and its Affiliates shall, upon request of Franchisee, execute a written subordination of its security interest to lenders providing equipment or other financing for the Franchised Restaurant. If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor and its Affiliates may, in their discretion, exercise their rights with respect to their security interests. In that event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and its Affiliates and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest.

4.9 Gross-Up Fees; Sale of Alcoholic Beverages. To ensure that Franchisor receives the full amount of its Royalty Fees and Marketing, Creative & Technology Fees to which Franchisor may be entitled, as the amount thereof may vary from time to time, Franchisee shall pay Franchisor, upon demand, whether in arrears, in advance, in a lump sum or in the same manner as Royalty Fees and Marketing, Creative & Technology Fees are paid to Franchisor, the amount of all taxes paid by Franchisor to any Governmental Authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the Governmental Authority's domain during each of Franchisor's fiscal years throughout the entire Term. Further, if state or local law in the state in which the Franchised Restaurant is located prohibits or restricts in any way Franchisee's ability to pay and Franchisor's ability to collect Royalty Fees or other amounts due to Franchisor based on revenue derived from the sale of alcoholic beverages at the Restaurant, Franchisor shall reset the amount of the Royalty Fees or other sums payable to Franchisor under this Agreement and redefine Gross Sales to exclude the payment of Royalty Fees on revenue derived from the sale of alcoholic beverages to an amount that will have the same basic economic result for both Franchisor and Franchisee.

5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS.

5.1 Franchised Location. The Franchised Restaurant shall be located at the Franchised Location. If the address of the Franchised Location has not been inserted in the blank space on **Exhibit A** on the Effective Date, Franchisee shall, within ninety (90) days after the Effective Date, locate one or more proposed sites that meet Franchisor's then-current standards and specifications. Franchisor shall provide Franchisee with Franchisor's site criteria following the parties' execution of the Franchise Agreement. Franchisee shall submit to Franchisor all demographic and other information regarding a proposed site and neighboring areas that Franchisor shall require in the form prescribed by Franchisor. Franchisor shall accept or reject a proposed site for the Franchised Restaurant within thirty (30) days (or fifteen (15) days after Franchisee provides Franchisor all supplemental information that Franchisor requires to evaluate the site). Following Franchisor's approval of a site, Franchisee shall promptly negotiate a Lease for the site and shall submit a copy of the proposed Lease to Franchisor to allow Franchisor at least fifteen (15) days to confirm that (i) the provisions set forth in **Section 5.2** have been included in the proposed Lease, and/or (ii) the Landlord and Franchisee have executed an Option to Obtain Lease Assignment

in the form specified by Franchisor. Franchisee shall not enter into any Lease for a site unless and until Franchisor has approved the site and the Lease in writing. Following Franchisee's execution of the Lease for the Franchised Location, Franchisor and Franchisee shall complete and execute an addendum to Exhibit A to identify the Franchised Location. Franchisee shall obtain a fully executed Lease for the site no later than one hundred eighty (180) days after the Effective Date and provide Franchisor with a lease abstract in the form prescribed by Franchisor. Franchisor may voluntarily, and without obligation, assist Franchisee in selecting an acceptable site for the Franchised Location. Neither Franchisor's assistance, if any, its acceptance of a proposed site, nor its acceptance of a proposed Lease shall be construed to ensure or guarantee the profitable or successful operation of the Franchised Restaurant at the site selected by Franchisee and Franchisor hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding the Franchised Location.

5.2 Lease for Franchised Location. Franchisee shall not create any obligations on Franchisor's behalf or grant the Landlord any rights against Franchisor, or agree to any term, condition or covenant in the Lease which are inconsistent with any provision of this Agreement. Franchisee shall deliver a fully executed copy of the Lease to Franchisor promptly following its execution, in the form and on the terms previously accepted by Franchisor, without further request by Franchisor. The Lease shall provide, unless Franchisor otherwise consents in writing prior to the execution of the Lease, that: (i) the Lease may not be amended, assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and or extend the term of the Lease; (iii) upon Franchisee's Default under the Lease, the Landlord shall notify Franchisor in writing at least fifteen (15) days prior to the termination or non-renewal of the Lease; (iv) Franchisor shall have an option to assume the Lease upon the termination or expiration of the Lease for any reason by giving written notice of the election to Franchisee and the Landlord; (v) Franchisee shall have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to Franchisor, or any franchisee or licensee approved by Franchisor; and (vi) Franchisor shall have the right to enter the Franchised Location to remove all of the Dog Haus Marks from the Franchised Location and modify the décor of the Franchised Location so that it no longer resembles, in whole or in part, a Franchised Restaurant if Franchisee fails to do so. As an alternative to including these provisions in the Lease, Franchisor, Franchisee and the Landlord may execute Franchisor's Then-Current form of an Option to Obtain Lease Assignment. If Franchisor elects to succeed to Franchisee's rights under the Lease, Franchisee shall assign to Franchisor all of its right, title and interest in and to the Lease and take all further action that Franchisor, in its sole and absolute discretion, may deem necessary or advisable to effect the assignment within ten (10) days after written demand by Franchisor to do so. If Franchisee, due to its own fault, neither obtains the Landlord's agreement to include the provisions in this Section 5.2 in the Lease nor obtains the Landlord's execution of the Option to Obtain Lease Assignment, then Franchisee shall pay Franchisor the sum of \$10,000 as damages (the "Lease Compliance Fee"). Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages that Franchisor will incur if Franchisee, due to its own fault, neither obtains the Landlord's agreement to include the provisions in this Section 5.2 in the Lease nor obtains the Landlord's execution of the Option to Obtain Lease Assignment, and further acknowledge and agree that under all the facts and circumstances, \$10,000 is a reasonable, good faith estimate of those damages. If Franchisee requests Franchisor's consent for Franchisee to execute a Lease containing modified versions of the provisions in this Section 5.2, or to execute a modified version of the Option to Obtain Lease Assignment, then, whether or not Franchisor ultimately grants such consent, Franchisee shall reimburse Franchisor, upon demand, for Franchisor's reasonable attorneys' fees incurred to review, revise and/or negotiate any changes made to the provisions in this Section 5.2 and/or to the Option to Obtain Lease Assignment.

5.3 Construction. Franchisor shall make available, at no charge to Franchisee, Franchisor's specifications for the décor and layout of a prototype Franchised Restaurant and the required fixtures, equipment, furnishings,

décor, trade dress and signs. Franchisee shall be responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans for the Franchised Restaurant. Franchisee shall, at its own expense, adapt the specifications for the prototype Franchised Restaurant to conform to the characteristics of the Franchised Location and shall submit the final plans to Franchisor within forty-five (45) days after Franchisee obtains possession of the Franchised Location. Franchisor shall review and accept or reject the plans within fifteen (15) days after receiving them from Franchisee. Before commencing any renovation or construction, Franchisee shall employ a licensed architect approved by Franchisor to prepare preliminary and final architectural drawings and specifications for the Franchised Restaurant in accordance with Franchisor's standard architectural plans and specifications for a prototype Franchised Restaurant. Franchisor recommends that Franchisee use Franchisor's architect. If Franchisee chooses to use a different architect, the architect must be licensed and approved by Franchisor and Franchisee must pay a \$1,500 plan review fee directly to Franchisor's architect. Franchisee shall, at its own expense, obtain all zoning classifications, licenses, permits, and clearances for construction. Franchisee's failure to locate an acceptable site, enter a Lease and Open the Franchised Restaurant within the applicable time periods provided for in this Article 5 shall be deemed to be material Default under this Agreement. Franchisee shall notify Franchisor of the anticipated construction completion date and, within a reasonable time after construction is completed Franchisor shall have the right, but not the obligation, to conduct a final inspection of the Franchised Restaurant.

5.4 Open for Business. The Franchised Restaurant shall Open For Business no later than the first anniversary of the Effective Date, unless Franchisor extends the date for the required Opening Date of the Franchised Restaurant in writing. Franchisor shall not unreasonably withhold its consent to Franchisee's request for additional time to Open the Franchised Restaurant without cause. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Franchisee shall not Open the Franchised Restaurant or offer Dog Haus Authorized Products to the public without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans and Dog Haus System standards, the completion of the Initial Training Program by the Principal Owner and the General Manager and Franchisee's compliance with staffing and other requirements. Franchisee shall Open the Franchised Restaurant for business following receipt of a temporary or permanent certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to Open. Following the Opening Date, Franchisor and Franchisee shall complete and execute an addendum to Exhibit A to designate the Opening Date.

5.5 Relocation of Franchised Restaurant. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Franchisee may not relocate the Franchised Restaurant without Franchisor's prior written consent. Franchisee shall pay Franchisor a Relocation Fee when Franchisee requests Franchisor's consent to a relocation of the Franchised Restaurant. If Franchisor consents to a relocation, Franchisee shall de-identify the former Franchised Location in the manner described in Section 17.1 and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the Franchised Restaurant during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new Franchised Location to secure the new Franchised Location and to Open and operate the Franchised Restaurant at the new Franchised Location. Once Franchisee has identified the new Franchised Location, Franchisor has approved it, and the Lease has been submitted to Franchisor to allow Franchisor at least fifteen (15) days to confirm that the provisions set forth in Section 5.2 have been included in the proposed Lease and that the Landlord and Franchisee have executed an Option to Obtain Lease Assignment in the form specified by Franchisor, Franchisor will prepare an addendum to Exhibit A and provide it to Franchisee. If Franchisee fails to secure the new Franchised Location within twelve (12) months of the date of Franchisor's approval of the new Franchised Location, Franchisor shall have the right to estimate and bill

Franchisee for Royalty Fees for the time period following the expiration of the twelve (12) month period based upon the Royalty Fees received for the Franchised Restaurant during the identical periods of the last preceding calendar year plus an additional ten percent (10%) of such amount or, if the Franchised Restaurant was not in operation during the identical period of the last preceding year, based upon the average Royalty Fees paid during the number of months the Franchised Restaurant was in operation plus an additional ten percent (10%) of that amount.

6. OBLIGATIONS OF FRANCHISOR.

6.1 Pre-Opening Initial Training Programs. Prior to the Opening Date of the Franchised Restaurant, Franchisor shall provide an Initial Training Program in the Dog Haus System and methods of operation (the "**Pre-Opening Initial Training Program**") at Franchisor's training facilities at Franchisor's corporate office, at Dog Haus Restaurants operated by Affiliates of Franchisor or by Dog Haus Franchisees or at other locations that Franchisor designates, for up to two (2) supervisory or managerial personnel of Franchisee selected by Franchisee who must include the Principal Owner and General Manager. Franchisee shall pay Franchisor its Then-Current Additional Pre-Opening Initial Training Fee for each additional trainee. The Pre-Opening Initial Training Program will consist of approximately twenty-four (24) days of training prior to the Opening Date of the Franchised Restaurant and must be completed before the Franchised Restaurant Opens for business. The Pre-Opening Initial Training Program shall not be provided by Franchisor if (i) Franchisee or any Affiliate of Franchisee owns or operates a Dog Haus Restaurant as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall determine the contents and manner of conducting the Pre-Opening Initial Training Program in its discretion, however, the Pre-Opening Initial Training Program will be structured to provide practical training in the implementation and operation of a Dog Haus Restaurant and may include such topics as food and beverage preparation, portion control, cooking procedures, packaging procedures, Dog Haus System standards, marketing and customer service techniques, reports and equipment maintenance. In Franchisor's discretion, Franchisor may vary the length and content of the Pre-Opening Initial Training Program based on the experience and skill level for each individual attending the Pre-Opening Initial Training Program.

6.2 Additional Post-Opening Initial Training Programs. Following the Opening Date of the Franchised Restaurant, Franchisor may, at Franchisee's request and at Franchisor's discretion, provide additional Initial Training Programs for new or replacement supervisory or managerial personnel of Franchisee ("**Additional Post-Opening Initial Training Programs**").

6.3 Post-Opening Additional Training Programs. Following the Opening Date of the Franchised Restaurant, Franchisor may, at Franchisor's discretion, from time to time during the Term (i) require the Principal Owner and each General Manager and/or other supervisory or managerial personnel of Franchisee to attend; or (ii) make available to the Principal Owner and each General Manager and/or other supervisory or managerial personnel of Franchisee, additional and remedial training programs ("**Post-Opening Additional Training Programs**"). In addition, if Franchisor conducts an inspection of the Franchised Restaurant and determines that Franchisee is not operating the Franchised Restaurant in compliance with this Agreement or the Manuals, Franchisor may require Franchisee, the Principal Owner and each General Manager and/or other supervisory or managerial personnel to attend Post-Opening Additional Training Programs to address the operating deficiencies.

6.4 On-Site Opening Assistance. For Franchisee's first Franchised Restaurant, Franchisor will provide up to four (4) of its employees to provide Franchisee with on-site training and assistance for up to five (5) days before and five (5) days after the Dog Haus Restaurant Opens to the public. On-site opening assistance shall not be

provided by Franchisor if (i) Franchisee or any Affiliate of Franchisee owns or operates a Dog Haus Restaurant as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall select the persons who will provide the on-site training and the length of time that on-site training will be provided. Franchisee shall pay all transportation costs, food, lodging and similar costs incurred by Franchisor in connection with its employees' attendance at the Franchised Restaurant for the on-site opening assistance, including expenses for up to two (2) hotel rooms and two (2) rental vehicles, and a \$45 per diem for each of Franchisor's employees who provide the training.

6.5. **Manuals.** Franchisor will loan one (1) copy or provide Franchisee with access to its current Manuals by hard copy or via the intranet during the Term. The Manuals may change from time to time during the Term. The Manuals are, and at all times shall remain Franchisor's sole property and shall promptly be returned to Franchisor upon expiration, termination or an Assignment of this Agreement. The Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the Dog Haus System and Franchisee's obligations under this Agreement. The Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement. Franchisor reserves the right to modify the Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the Dog Haus System.

6.6. **Post-Opening Consultation.** Following the Opening Date of the Franchised Restaurant, Franchisor may provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention including, without limitation, mandatory and recommended specifications, standards and operating procedures of the Dog Haus System. Franchisor's consultation and advice may be provided by telephone, in writing, electronically, in person, or by other means. Franchisee acknowledges and agrees that the results of Franchisee's efforts to operate a Dog Haus Restaurant rest solely with Franchisee. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding: (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the Restaurant for which Franchisor has not established Dog Haus Approved Suppliers.

6.7. **Post-Opening Inspections.** To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, following the Opening Date of the Franchised Restaurant, Franchisor's authorized representatives shall have the right, but not the obligation, at any time and from time to time, to enter the Franchised Restaurant, to examine the Franchised Restaurant, to confer with Franchisee's supervisory or managerial personnel, inspect and check operations, food, beverages, furnishings, interior and exterior décor, supplies, fixtures and equipment, and determine whether the Franchised Restaurant is being operated in accordance with this Agreement, the Dog Haus System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Franchised Restaurant during an inspection.

6.8. **Assignment.** Upon the occurrence of an Assignment, the Proposed Buyer must be trained by Franchisor as a condition to the granting of Franchisor's consent to the Assignment. All costs for this training shall be included in the Transfer Fee payable by Franchisee in accordance with Section 14.4.7. The Franchised Restaurant shall not be transferred, Opened, or re-Opened by the Proposed Buyer until Franchisor accepts the Proposed Buyer in writing as certified to operate the Franchised Restaurant and Franchisor has otherwise consented to the Assignment in accordance with this Agreement.

6.9 **Toll Free Telephone Number.** Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If Franchisor establishes a toll free number, Franchisee shall comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Manuals or otherwise in writing.

7. **OBLIGATIONS OF FRANCHISEE.**

To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same:

7.1 **Dog Haus System.** Franchisee shall operate the Dog Haus Restaurant in compliance with the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Dog Haus Restaurant, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Dog Haus System with which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Dog Haus Restaurant, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Dog Haus Restaurant consistent with the policies of Franchisor. Franchisee shall comply with Franchisor's standards and shall operate the Franchised Restaurant in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Franchisee shall comply, at Franchisee's expense, with all modifications prescribed by Franchisor and shall implement changes to the Dog Haus System within the time periods specified by Franchisor following Franchisee's receipt of notice from Franchisor to do so. Franchisee shall refrain from deviating from the methods, standards, and specifications without Franchisor's prior written consent and from otherwise operating in any manner which reflects adversely on the Dog Haus Marks or the Dog Haus System. Since every detail of the Dog Haus System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services sold by Dog Haus Restaurants under the Dog Haus System and to protect the Dog Haus Marks and reputation and goodwill, Franchisor shall have the right to disapprove, as it believes necessary, any modification of, or addition to, the Dog Haus System suggested by Franchisee that is reasonably likely to have an adverse material effect on the Dog Haus System, the Dog Haus Marks or Franchisor's reputation or goodwill.

7.2 **Pre-Opening Initial Training Programs.** Franchisee's supervisory and managerial personnel shall attend and complete to Franchisor's satisfaction the Pre-Opening Initial Training Program at Franchisor's training facilities at Franchisor's corporate office, at Dog Haus Restaurants operated by Affiliates of Franchisor or by Dog Haus Franchisees or at other locations that Franchisor designates. Franchisee's Principal Owner must attend and complete two (2) days of marketing training at Franchisor's corporate office as a part of the Pre-Opening Initial Training Program. Franchisee shall not commence operation of the Franchised Restaurant until the Pre-Opening Initial Training Program has been completed. Franchisee shall pay all transportation costs, food, lodging and similar costs incurred by Franchisee for the Principal Owner, General Manager and other supervisory or managerial personnel to attend the Pre-Opening Initial Training Program, and for Franchisor, the expenses for up to two (2) round trip flights, two (2) hotel rooms and two (2) rental vehicles, and a \$45 per diem for each of Franchisor's employees who may travel to provide the Initial Training Program. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage a

Dog Haus Restaurant, Franchisor, in its sole discretion, shall determine if Franchisee, the Principal Owner, the General Manager and/or other supervisory or managerial personnel have satisfactorily completed the Pre-Opening Initial Training Program. If the Principal Owner (i) fails to complete the Pre-Opening Initial Training Program within five (5) months after the Effective Date; (ii) does not complete the Pre-Opening Initial Training Program to Franchisor's satisfaction; (iii) does not, during the Pre-Opening Initial Training Program, appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the Dog Haus System or this Agreement; or (iv) is not acceptable to become a franchisee of Franchisor for any reason whatsoever, in Franchisor's sole and absolute discretion, Franchisor may terminate this Agreement upon five (5) days' written notice to Franchisee and this Agreement shall thereafter be of no further force or effect. Franchisor shall have the right to retain the Initial Franchise Fee. Franchisor and Franchisee acknowledge and agree that the actual damages to be suffered by Franchisor in this circumstance are difficult, if not impossible, to determine, and that, under all the facts and circumstances, this calculation of Franchisor's potential damages and retention of the Initial Franchise Fee by Franchisor, are a reasonable, good-faith estimate of those damages.

7.3 On-Site Opening Assistance. Franchisee shall notify Franchisor at least thirty (30) days in advance of the scheduled date (the "Turnover Date") that (i) all construction and remodeling of the Franchised Location will be completed; (ii) Franchisee will have all permits necessary to Open the Franchised Restaurant; and (iii) the Dog Haus Restaurant is ready for turn-over by the general contractor to Franchisee, to allow Franchisor to schedule a date for Franchisor's on-site opening assistance for Franchisee's first Dog Haus Restaurant. Franchisor will provide Franchisee with a turnover checklist approximately fourteen (14) days before the scheduled Turnover Date and will schedule a conference call with Franchisee approximately eight (8) days before the scheduled Turnover Date to confirm the Turnover Date so that Franchisor may book travel arrangements for its representatives who will provide the on-site opening assistance. Approximately three (3) days before the scheduled Turnover Date, Franchisor will schedule a final conference call with Franchisee to confirm the Turnover Date and the date on which Franchisor's representatives will arrive at the Dog Haus Restaurant. If, after the final conference call, the Turnover Date is delayed or accelerated by more than two (2) days from the date specified during the conference call, Franchisee shall reimburse Franchisor for any and all costs and expenses incurred by Franchisor to change the travel arrangements for its representatives who were scheduled to provide pre-opening on-site opening assistance.

7.4 Additional Post-Opening Initial Training Programs. If, following the Opening Date of the Franchised Restaurant, Franchisee requests Franchisor to provide additional Initial Training Programs for new or replacement supervisory or managerial personnel and Franchisor agrees to do so, Franchisee shall pay Franchisor its Then-Current Additional Post-Opening Initial Training Fee for each of Franchisor's representatives that provides the Additional Post-Opening Initial Training Programs to defray Franchisor's direct costs to provide the Additional Post-Opening Initial Training Programs. Franchisee shall pay all transportation costs, food, lodging and similar costs incurred by Franchisor and Franchisee in connection with attendance at the Additional Post-Opening Initial Training Programs, including for Franchisor, the expenses for up to two (2) round trip flights, two (2) hotel rooms and two (2) rental vehicles, and a \$45 per diem for each of Franchisor's employees who provide training.

7.5 Post-Opening Additional Training Programs. Following the Opening Date of the Franchised Restaurant, Franchisee, the Principal Owner and each General Manager shall attend Additional Training Programs as required by Franchisor. Franchisee shall pay Franchisor its Then-Current Post-Opening Additional Training Program Fee for each of Franchisor's employees who provide Additional Training Programs to defray Franchisor's direct costs to provide the Additional Training Programs. Franchisee shall pay all transportation costs, food, lodging and similar costs incurred by Franchisor and Franchisee in connection with attendance at the

Post-Opening Additional Training Programs, including, for Franchisor, the expenses for up to two (2) round trip flights, two (2) hotel rooms, two (2) rental vehicles and a \$45 per diem for each person who provides training, and for Franchisee, all compensation expenses for Franchisee's Principal Owner, Franchisee, each General Manager and other supervisory or managerial personnel to attend the Post-Opening Additional Training Programs.

7.6 **Manuals.** Franchisee shall treat all information contained in the Manuals as Dog Haus Confidential Information and shall use all reasonable efforts to keep the information confidential. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make them available to any person not required to have access to their contents in order to carry out their employment functions. If Franchisee misplaces the Manuals or fails to return the manuals to Franchisor upon demand, Franchisee shall pay Franchisor the sum of \$500 as a manual replacement fee. Franchisee shall comply with all mandatory requirements now or hereafter included in the Manuals, and acknowledges and agrees that a Default under any mandatory requirement of the Manuals shall constitute a Default under this Agreement and grounds for termination. Franchisee shall immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Franchisor.

7.7 **Inspection.** Following the Opening Date of the Franchised Restaurant, if any inspection of the Franchised Restaurant by Franchisor indicates any deficiency or unsatisfactory condition at the Franchised Restaurant, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Franchised Restaurant within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, the sum of \$500 for each re-inspection of the Franchised Restaurant and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

7.8 **POS System; Computer Hardware and Software and Sound System.** Franchisee shall purchase, use and maintain a computerized point of sale cash collection system (the "POS System"), a back office computer and printer, including all related hardware and software, cameras and a DVR, televisions, and a sound system, each as specified in the Manuals or otherwise by Franchisor in writing for the Franchised Restaurant. The POS System shall at all times be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and accessing the Internet for ordering and maintaining the POS System. The POS System shall be electronically linked to Franchisor, and Franchisee shall allow Franchisor to poll the POS System on a daily or other basis at the times and in the manner established by Franchisor, with or without notice, and to retrieve transaction information including sales, menu mix, usage, and other operations data that Franchisor deems appropriate. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware and/or software, from time to time, upon written notice, provided that Franchisee shall not be required to replace the POS System any more frequently than once every three (3) years. The POS System must include the required technology to permit Franchisee to accept online orders of Dog Haus Products and services at the Franchised Restaurant and to accept and process Dog Haus gift cards sold in other Dog Haus Restaurants. In addition, Franchisee shall purchase, lease or license all computer hardware and software designated by Franchisor for the Franchised Restaurant at Franchisee's expense. During the Term, Franchisee shall maintain and update all computer hardware and software as required by Franchisor.

7.9 **Alcoholic and Non-Alcoholic Beverages.** Franchisee shall stock and maintain the types and brands of alcoholic and non-alcoholic beverages and related supplies at the Franchised Restaurant as designated and approved by Franchisor in compliance with the Manuals and shall at all times comply with: (i) all Federal, state, city, local and municipal licensing, insurance and other laws, regulations and requirements applicable to the sale

of alcoholic beverages by Franchisee at the Franchised Restaurant; and (ii) the liquor liability insurance requirements set forth in this Agreement or otherwise provided by Franchisor in writing.

7.10 **Product Line and Service.** Franchisee shall advertise, sell and serve all and only Dog Haus Authorized Products at or from the Franchised Restaurant. All Dog Haus Authorized Products shall be sold and distributed under the names designated by Franchisor and shall be prepared and served strictly in accordance with Franchisor's methods, standards, and specifications. Franchisee shall not remove any Dog Haus Authorized Product from Franchisee's menu without Franchisor's written consent. Franchisee shall not sell any Dog Haus Authorized Products outside of the Franchised Restaurant or to any customer for the purpose of resale by the customer; and all sales by Franchisee shall be for retail consumption only. Subject to Applicable Law, following the Opening Date of the Franchised Restaurant, Franchisor shall have the right to establish pricing guidelines for Dog Haus Authorized Products and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be recommended, suggested or advertised by Franchisor.

7.11 **Prices.** Subject to Applicable Law, following the Opening Date of the Franchised Restaurant, Franchisor shall have the right to establish pricing guidelines for Dog Haus Authorized Products and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to Applicable Law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for Dog Haus Restaurants and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide products and services designated by Franchisor on terms Franchisor specifies, including free-of-charge. In addition, Franchisee shall conduct friends and family, soft-opening and other events and promotions at the Franchised Restaurant as required and directed by Franchisor and shall provide products and services designated by Franchisor to the public in the manner and at the prices Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the Franchised Restaurant except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

7.12 **Oversight and Management.** The Principal Owner shall be responsible for oversight of the day-to-day operations of the Franchised Restaurant and shall devote his or her full time and best efforts solely to operation of the Franchised Restaurants operated by Franchisee and to no other business activities. The Principal Owner, if applicable, must, unless otherwise agreed in writing: (i) devote substantially all of his or her time and best efforts solely to the operation of the Franchised Restaurant; (ii) meet Franchisor's educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; (iii) be an owner of ten percent (10%) or more (direct or indirect) of Franchisee's equity and voting rights; and (iv) be approved by Franchisor. The Franchised Restaurant shall be under the direct control of a General Manager in the absence of the Principal Owner. Following the Opening Date of the Franchised Restaurant, Franchisee shall provide comprehensive initial training programs, additional training programs and remedial training programs for its supervisory and managerial personnel and other employees and shall ensure that the Franchised Restaurant is at all times under the direct control of a General Manager fully trained by Franchisee and solely dedicated to operation of the Franchised Restaurant and other employees who have been fully trained by Franchisee and solely dedicated to operation of the Franchised Restaurant. Each General Manager shall have a skill level, training and experience commensurate with the demands of the position and conform in all respects with Franchisor's high standards for quality products, courteous service, and cleanliness of operations. Prior to the Opening Date,

Franchisee, its Principal Owner and each General Manager shall successfully complete the ServSafe® Food Safety Certification Program, or show evidence of prior ServSafe® certification and shall successfully complete the Certified Beer Server Program which is the first level of certification in the Cicerone Certification Program®. Franchisor may, in its sole discretion, replace the ServSafe® Food Safety Certification Program with another food safety certification program, if deemed appropriate. Franchisee shall be responsible for all fees and material costs associated with any certification program. In addition, Franchisor may, in its sole discretion, contract with a third party to conduct sanitation and food safety audits of the Franchised Restaurant periodically throughout the Term, but no less than once per calendar year.

7.13 Menus. The approved and authorized menu and menu formats may include, in Franchisor's discretion, requirements on organization, graphics, product descriptions, illustrations and any other matters related to the menu, whether or not similar to those listed. In Franchisor's discretion, the menu and/or menu formats may vary depending upon region, market size and other factors which affect the Franchised Restaurant. Franchisor may change the menu and/or menu formats from time to time, but not more frequently than twice in any calendar year, and authorize tests from region to region or within regions. Franchisee shall, upon receipt of notice from Franchisor, add, delete or update any Dog Haus Authorized Products to its menu according to the instructions contained in the notice. Franchisee shall have a minimum of thirty (30) days and not more than sixty (60) days after receipt of written notice in which to fully implement any menu change. Franchisee shall cease selling previously approved Dog Haus Authorized Products within thirty (30) days after receipt of notice that the product is no longer approved. All menus, containers, napkins, bags, cups and other packaging and like articles used at the Franchised Restaurant shall conform to Franchisor's specifications, shall be imprinted with the Dog Haus Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a Dog Haus Approved Supplier.

7.14 Compliance with Applicable Law. Franchisee shall operate the Franchised Restaurant as a clean, orderly, legal and respectable place of business in accordance with Franchisor's business standards and merchandising policies and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of the Franchised Restaurant or the Franchised Location to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action which will cause Franchisor to be in violation of any Applicable Law. If Franchisee shall receive any notice, report, fine, test results or the like from any applicable department of health (or other similar Governmental Authority), Franchisee shall promptly send a copy of the same to Franchisor.

7.15 Hours. Subject to Applicable Law, Dog Haus Fast Casual Restaurants shall be open and operational at least eleven (11) hours per day, seven (7) days per week or as otherwise prescribed by Franchisor and Dog Haus Biergarten Restaurants shall be open and operational at least thirteen (13) hours per day, seven (7) days per week or as otherwise prescribed by Franchisor. Franchisee shall continually operate the Franchised Restaurant throughout the Term. Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Gross Sales possible from its Franchised Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales.

7.16 Signs. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the Franchised Restaurant, identifying the Franchised Location as a Franchised Restaurant, which shall conform in all respects to Franchisor's specifications and requirements and the layout and design plan approved for the Franchised Location, subject only to restrictions imposed by Applicable Law.

7.17 **Franchisee Employee Policies.** Franchisee shall maintain a competent, conscientious, and trained staff and shall take all steps necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, and meet the minimum standards that Franchisor may establish from time to time in the Manuals or otherwise. All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be the employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers' compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify Franchisee's supervisory or managerial personnel for qualification to perform certain functions at the Franchised Restaurant does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the Franchised Restaurant, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall immediately defend, reimburse and hold Franchisor harmless from any direct or indirect losses, costs and expenses, including attorneys' fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions at the Franchised Restaurant, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees. Franchisee shall take all action necessary to ensure that Franchisee's employees understand and acknowledge that they are not employees of Franchisor, including, without limitation, requiring Franchisee's employees to sign a written acknowledgement that Franchisee is an independently owned and operated franchisee and their sole employer in a form specified by Franchisor in the Manuals or otherwise in writing from time to time. Franchisee shall cause all employees, while working in the Franchised Restaurant, to wear uniforms of the color, design and other specifications that Franchisor may designate from time to time and to present a neat and clean appearance. If Franchisor removes a type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have thirty (30) days from receipt of written notice of removal to discontinue use of its existing inventory of uniforms and obtain and use the approved type of uniform.

7.18 **Vending or Other Machines.** Except with Franchisor's written approval, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Restaurant.

7.19 **Co-Branding.** Franchisee may not engage in any co-branding in or in connection with the Franchised Restaurant except with Franchisor's prior written consent. Franchisor may approve any co-branding chain or arrangement in its discretion, and only if Franchisor has recognized that co-branding chain as an approved co-brand for operation within Dog Haus Restaurants.

7.20 **Customer Complaints and Cooperation.** Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. At Franchisor's request, Franchisee

shall use and display in the Franchised Restaurant during all operating hours customer comment cards in the manner specified in the Manuals. Franchisee shall, from time to time, purchase from Franchisor or a Dog Haus Approved Supplier, and maintain in the Franchised Restaurant, a supply of postage prepaid customer comment cards reasonably adequate to meet Franchisee's needs. Franchisee shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, marketing, cooperative marketing and purchasing programs or promotional programs which may be developed and implemented by Franchisor which call for the cooperation of Franchisee and other franchisees of Franchisor. Franchisee shall further cooperate in any additional programs which may be established and designated by Franchisor from time to time including participating in coupon programs, the system-wide use of gift cards, and other similar programs for the benefit of the Dog Haus System, and shall comply with Franchisor's rules and regulations established from time to time in connection herewith. Franchisee shall cooperate with Franchisor in connection with the test marketing of products and services at the Franchised Restaurant and shall comply with Franchisor's rules and regulations established from time to time in connection herewith.

7.21 Adequate Reserves and Working Capital. Franchisee shall, at all times, maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee's obligations under this Agreement and to cover the risks and contingencies of the Franchised Restaurant for at least three (3) months.

7.22 Re-Imaging of Franchised Restaurant. Franchisee shall at its own expense, make the alterations, additions, or modifications to the Franchised Restaurant that Franchisor may reasonably require to accommodate changes made by Franchisor to the Dog Haus System, including, without limitation, changes to menu items or market positioning. Franchisee shall have ninety (90) days from receipt of notice from Franchisor regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Franchised Restaurant.

7.23 Intranet. If Franchisor establishes a Dog Haus franchisee Intranet, Franchisee shall have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time in the Manuals and otherwise. Franchisee acknowledges that, as administrator of the Intranet, Franchisor may access and view any communication posted on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert. Upon receipt of notice from Franchisor that Franchisor has established an Intranet, Franchisee shall establish and continually maintain an electronic connection with the Intranet as specified in the Manuals that allows Franchisor to send messages to and receive messages from Franchisee. If Franchisee shall Default under this Agreement or any other agreement with Franchisor, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee.

7.24 Improvements. If Franchisee develops any new concept, process or improvement in the Dog Haus System (an "**Improvement**"), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights. Franchisee hereby assigns to Franchisor any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and Franchisee waives and/or releases all rights of restraint and moral rights therein and thereto. Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing those rights. Franchisee hereby irrevocably designates and appoints

Franchisor as Franchisee's agent and attorney-in-fact to execute and file any the documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property rights related to any Improvement. If the foregoing provisions of this Section 7.24 are found to be invalid or otherwise unenforceable, Franchisee hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense to use of the Improvement to the extent the use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

7.25 Refurbishment of Franchised Restaurant. At Franchisor's request, but not more often than once every five (5) years unless sooner required by the Lease, Franchisee shall refurbish the Franchised Restaurant, at its own expense, to conform to the building design, trade dress, color schemes, and presentation of the Dog Haus Marks in a manner consistent with the then-current public image for new or remodeled Dog Haus Restaurants, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by Applicable Law. Franchisee's costs for the required refurbishment shall not exceed \$100,000 for the interior of the Franchised Restaurant or \$50,000 for the exterior of the Franchised Restaurant.

7.26 Notifications and Crisis Management Events. Franchisee shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, liquor or narcotics laws or regulation related to the Franchised Restaurant; and (ii) five (5) days of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of the Franchised Restaurant. Franchisee shall immediately inform Franchisor's Chief Executive Officer (or as otherwise instructed in the Manuals) by telephone of the occurrence of a Crisis Management Event. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

7.27 Authorization to Release Information and Use Images. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect the authorization):

7.27.1 All banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Franchised Restaurant which Franchisor may request.

7.27.2 Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable.

7.27.3 Franchisor to photograph and film Franchisee, its employees, the public and all areas of the Franchised Restaurant, without further authorization from, or compensation to, Franchisee and to use their images for marketing and promotion of the Franchised Restaurant, other Dog Haus Restaurants and franchises for Dog Haus Restaurants.

7.28 Annual Franchise Conference. Franchisor may hold an Annual Franchise Conference for all Dog Haus franchisees each year. The Principal Owner and each General Manager shall attend the Annual Franchise Conference. Franchisee shall pay Franchisor a "**Franchisee Conference Fee**" to reimburse Franchisor for a portion of the direct costs to provide the Annual Franchise Conference. Franchisee shall pay the Franchisee Conference

Fee upon demand at least thirty (30) days before the date of the Annual Franchise Conference, whether or not Franchisee attends the Annual Franchise Conference.

7.29 **Credit Cards.** Franchisee shall honor all credit, charge, courtesy and cash cards approved by Franchisor in writing. To the extent Franchisee shall store, process, transmit or otherwise access or possess cardholder data in connection with the sale of Dog Haus Authorized Products, Franchisee shall maintain the security of cardholder data and adhere to the Then-Current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the Term. Franchisee shall be and remain responsible for the security of cardholder data in the possession or control of any subcontractors Franchisee engages to process credit cards. All subcontractors must be identified to and approved by Franchisor in writing prior to sharing cardholder data with the subcontractor. Franchisee shall, if requested to do so by Franchisor, provide appropriate documentation to Franchisor to demonstrate compliance with applicable PCI DSS requirements by Franchisee and all identified subcontractors.

7.30 **Gift Cards, Loyalty, CRM, Social Media Software, Online and Mobile Ordering Programs.** Franchisee shall not create or issue any gift certificates or gift cards and shall only sell gift certificates or gift cards that have been issued by Franchisor that are accepted at all Dog Haus Restaurants. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the Restaurant except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion. In addition, Franchisee shall purchase, enroll in or subscribe to, as applicable, all CRM, social media analytics, and online and mobile ordering software or programs as specified by Franchisor in its Manual or otherwise in writing. Franchisor reserves the right to change the designated suppliers of these or similar services in Franchisor's sole discretion. Franchisee shall change, purchase or subscribe to the additional programs or software, as applicable, immediately upon notice from Franchisor to do so.

7.31 **Music and Music Selection.** Franchisee shall use PC Music, a computer based, on-demand music, video, and AV provider and play only the music and music selections approved by Franchisor as set forth in the Manuals or otherwise in writing. Franchisee shall install the equipment necessary to receive and play all approved music.

7.32 **Data Security Safeguards.** Franchisee shall exert Franchisee's best efforts to protect its customers against a cyber-event, including, without limitation, a data breach or other identity theft or theft of personal information (collectively, a "Cyber Event"). If a Cyber Event occurs, regardless of whether the Cyber Event affects only the Restaurant, Franchisor reserves the right, but shall not have any obligation, to perform and/or control and/or cause its third-party consultants to perform and/or control all aspects of the response to the Cyber Event including, without limitation, the investigation, containment and resolution of the Cyber Event and all communications within the Dog Haus system franchise system and with vendors and suppliers, Governmental Authorities and the general public. Franchisor's control of the response to a Cyber Event may potentially affect or interrupt operations of the Restaurant, but shall not create any liability for Franchisor or additional rights for Franchisee, entitle Franchisee to damages or relieve Franchisee of Franchisee's indemnification obligations under **Section 18.4**. Franchisee shall reimburse Franchisor for all of Franchisor's out-of-pocket costs and expenses incurred in responding to and remedying any Cyber Event caused solely by Franchisee or the Restaurant. Franchisee shall at all times be compliant with (i) the NACHA ACH Security Framework; (ii) the Payment Rules; (iii) Applicable Law regarding data privacy, data security and security breaches; and (iv) Franchisor's security

policies and guidelines, all as may be adopted and/or amended from time to time (collectively, "Data Security Safeguards"). Franchisee shall obtain advice from Franchisee's own legal and security consultants to ensure that Franchisee operates the Restaurant at all times in full compliance with the Data Security Safeguards. Notwithstanding Franchisor's right to perform and/or control all aspects of a response to a Cyber Event, Franchisor shall make commercially reasonable efforts to coordinate its response with Franchisee and Franchisee's insurance carrier(s) and to cooperate with Franchisee's insurance carrier(s) regarding insurance coverage of the Cyber Event to the extent reasonably practicable under the circumstances.

7.33 **Communications.** Franchisee shall respond to all communications with Franchisor in a timely manner. Franchisee's repeated failure to do so shall constitute a Default under this Agreement.

7.34 **Marketing.** Franchisee shall comply with all provisions of this Agreement relating to marketing, including but not limited to Article 10.

8. **SUPPLIERS AND PRODUCTS.**

To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same,

8.1 **Dog Haus Approved Suppliers.** All Dog Haus Branded Products, Dog Haus Proprietary Products, Non-Proprietary Products, POS systems, mobile applications, online ordering systems and merchant service providers designated by Franchisor for use and sale at the Franchised Restaurant must be purchased from Dog Haus Approved Suppliers. Franchisor and its Affiliates may be, but are not obligated to become, Dog Haus Approved Suppliers of certain Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products and may act as the sole Dog Haus Approved Suppliers of certain Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products. Franchisor may operate an online portal that Franchisee can use to buy Dog Haus Branded Products, Dog Haus Proprietary Products, marketing materials, handbooks and menus directly from Dog Haus Approved Suppliers.

8.2 **Recommended Suppliers.** If Franchisee desires to purchase authorized Non-Proprietary Products from a Recommended Supplier rather than from Franchisor, its Affiliates or a Dog Haus Approved Supplier, Franchisee shall deliver written notice to Franchisor identifying the Recommended Supplier and shall provide Franchisor with reasonable financial, operational and other information regarding the Recommended Supplier necessary for Franchisor to assess the Recommended Supplier. Franchisor shall notify Franchisee of Franchisor's decision within sixty (60) days after Franchisor's receipt of the necessary information from Franchisee. If Franchisor does not approve or disapprove a Recommended Supplier within sixty (60) days, the Recommended Supplier shall be deemed disapproved. As a condition of its approval, Franchisor may require a Recommended Supplier to agree in writing to (i) provide, from time to time, upon Franchisor's request, free samples of the Non-Proprietary Product the Recommended Supplier intends to supply to Franchisee; (ii) faithfully comply with Franchisor's specifications for the Non-Proprietary Products to be sold by the Recommended Supplier; (iii) sell any Non-Proprietary Products bearing the Dog Haus Marks only to franchisees of Franchisor and only under a trademark license agreement with Franchisor; (iv) provide Franchisor, upon request, with duplicate purchase invoices issued to Franchisee for Franchisor's records and inspection purposes; and (v) otherwise comply with Franchisor's reasonable requests. Further, Franchisor may require Franchisee or the Recommended Supplier to reimburse Franchisor for all of Franchisor's reasonably anticipated costs in reviewing the application of the Recommended Supplier and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Recommended Suppliers' facilities, equipment, and food products, and all product testing costs paid by Franchisor to third parties and to pay Franchisor, in advance, a deposit of up to

\$1,000, before Franchisor inspects the Recommended Supplier's facilities. Franchisor may revoke its approval of a previously approved Recommended Supplier if the Recommended Supplier does not continue to satisfy Franchisor's criteria.

8.3 Purchases from Franchisor or its Affiliates. All Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products purchased from Franchisor shall be purchased in accordance with the purchase order format issued from time to time by Franchisor and at the prices and on delivery terms and other terms offered to similarly situated Dog Haus franchisees. Franchisor, in its sole and absolute discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis. On the expiration or termination of this Agreement, or in the event of any Default by Franchisee under this Agreement, Franchisor shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee and may, among other things, only deliver the quantities reasonably necessary to supply Franchisee's needs prior to the expiration or termination of this Agreement. Franchisor shall not be liable to Franchisee for any delay or delivery failure caused by Force Majeure.

8.4 Rebates. Franchisor or its Affiliates may receive rebates or allowances from certain Dog Haus Approved Suppliers on purchases of Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products made by Franchisee and other Dog Haus franchisees. Rebates and allowances will generally be a percentage of the revenue derived by the Dog Haus Approved Supplier from sales to Dog Haus Restaurants, will be included in Franchisor's general revenue, and may be used by Franchisor for a variety of purposes including ongoing programs, education, marketing, advertising, seminars and conferences, the handling of inquiries and complaints from franchisees' customers and for general and administrative expenses. Franchisor may use these rebate and allowance funds received for any purpose in its sole and absolute discretion.

8.5 Company Store. Franchisor has registered the Internet domain name <http://doghausstore.com/> (the "Company Store") and have established a website using this domain name. Franchisee acknowledges and agrees that this domain name is Franchisor's sole property. The Company Store shall serve as the primary source for Dog Haus Franchisees' purchases of promotional Dog Haus Branded Products. All promotional Dog Haus Branded Products available at the Company Store may not be duplicated or purchased elsewhere by Franchisee. In addition, the Company Store shall serve as the primary source for public purchases of Dog Haus Branded Products and Dog Haus Proprietary Products.

9. DOG HAUS MARKS.

Franchisor and its Affiliates continue to develop, use and control the use of the Dog Haus Marks in order to identify for the public the source of services and products marketed under the Dog Haus Marks and the Dog Haus System, and to represent the Dog Haus System's high standards of quality, appearance and service. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same:

9.1 Ownership and Goodwill of Dog Haus Marks. Franchisee acknowledges that its right to use the Dog Haus Marks is derived solely from this Agreement and is limited to use in operating as Franchisee pursuant to and in compliance with this Agreement. Any unauthorized use of the Dog Haus Marks by Franchisee shall constitute a Default under this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the Dog Haus Marks. Franchisee acknowledges and agrees that as between Franchisor and Franchisee (i) Franchisor owns the Dog Haus Marks and the Dog Haus System; (ii) Franchisee owns no goodwill or rights in

the Dog Haus Marks or the Dog Haus System except for the license granted by this Agreement; and (iii) Franchisee's use of the Dog Haus Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Franchisee agrees not to contest, or assist any other person to contest, the validity of Franchisor's rights and interest in the Dog Haus Marks or the Dog Haus System either during the Term or after this Agreement terminates or expires.

9.2 **Limitations on Use.** Franchisee shall not use any Dog Haus Marks (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give all notices of trademark and service mark registration that Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under Applicable Law. Franchisee further agrees that no service mark other than "Dog Haus", other Dog Haus Marks specified by Franchisor shall be used in marketing, promoting, or operating the Franchised Restaurant.

9.3 **Modifications.** Franchisor reserves the right to (i) modify or discontinue licensing any of the Dog Haus Marks; (ii) add new names, marks, designs, logos or commercial symbols to the Dog Haus Marks and require that Franchisee use them; and (iii) require that Franchisee introduce or observe new practices as part of the Dog Haus System in operating the Franchised Restaurant. Franchisee acknowledges and agrees that the term "Dog Haus Marks" means the specific names, marks, designs, logos or commercial symbols licensed by Franchisor at any given point in time, subject to Franchisor's right to impose changes. Franchisee shall comply, at Franchisee's sole expense, with Franchisor's directions regarding changes in the Dog Haus Marks and Dog Haus System within a reasonable time after written notice from Franchisor. Franchisor shall have no liability to Franchisee for any cost, expense, loss or damage that Franchisee incurs in complying with Franchisor's directions and conforming to required changes.

9.4 **Defense of Dog Haus Marks and Dog Haus System.** Franchisor shall have the sole right, either alone or with its Affiliate, to handle disputes with Franchisees and third parties concerning Franchisor's or Franchisor's Affiliates' ownership of, rights in, or Franchisee's use of, the Dog Haus Marks or the Dog Haus System. Franchisee shall immediately notify Franchisor in writing if Franchisee receives notice, or is informed, of any (i) improper use of any of the Dog Haus Marks or elements of the Dog Haus System, including misuse by Franchisees; (ii) use by any third party of any mark, design, logo or commercial symbol which, in Franchisee's judgment, may be confusingly similar to any of the Dog Haus Marks; (iii) use by any third party of any business practice which, in Franchisee's judgment, unfairly simulates the Dog Haus System in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against Franchisee based upon Franchisee's use of the Dog Haus Marks or the Dog Haus System. Franchisor and/or Franchisor's Affiliates shall have sole discretion to take all action as it deems appropriate, including, without limitation, to take no action, and the sole right to control any legal proceeding or negotiation arising out of any infringement, challenge or claim or otherwise relating to the Dog Haus Marks or the Dog Haus System. Franchisee shall not settle or compromise any claim, suit or demand asserted against it and agrees to be bound by Franchisor's decisions in handling disputes regarding the Dog Haus Marks and the Dog Haus System. Franchisee shall cooperate fully with Franchisor and execute all documents and perform all actions as may, in Franchisor's judgment, be necessary, appropriate or advisable in the defense of all claims, suits or demands and to protect and maintain Franchisor's rights in the Dog Haus Marks and the Dog Haus System. Unless it is established that a third party claim asserted against Franchisee is based directly upon Franchisee's misuse of the Dog Haus Marks or the Dog Haus System, Franchisor agrees to defend Franchisee against the third party claim and indemnify Franchisee for any losses resulting therefore, provided Franchisee

has notified Franchisor as soon as practical after learning of the claim and fully cooperates in the defense of the action. Because Franchisor will defend the third party claim, Franchisee is not entitled to be reimbursed for legal or other professional fees or costs paid to independent legal counsel or others in connection with the matter.

10. MARKETING:

To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same:

10.1 Marketing, Creative & Technology Fund. The Marketing, Creative & Technology Fund shall be administered by Franchisor and shall be used to meet the costs of conducting marketing and promotional activities. Franchisor retains sole discretion over all marketing and public relations programs and activities financed by the Marketing, Creative & Technology Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation.

10.1.1 The Marketing, Creative & Technology Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor determines, including video, audio and written marketing materials employing marketing agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, website design and development/operation for portal, Internet, Intranet and URL services, social media, technology programs, electronic application design and development, and for 800 or similar numbers. All expenditures are at the sole discretion of Franchisor. Franchisor may spend in any year more or less than the total contributions to the Marketing, Creative & Technology Fund in that year. Franchisor may borrow from Franchisor or other lenders on behalf of the Marketing, Creative & Technology Fund to cover deficits of the Marketing, Creative & Technology Fund or cause the Marketing, Creative & Technology Fund to invest any surplus for future use by the Marketing, Creative & Technology Fund. Upon request, Franchisor will prepare an annual accounting of the Marketing, Creative & Technology Fund and will distribute it to Dog Haus Franchisees, once a year, that will state the total amount of money collected and spent by the Marketing, Creative & Technology Fund during the previous year and list, by general category, the manner in which Franchisor spent the money. The report will not be separately audited but will be examined as part of the overall annual audit of Franchisor's books.

10.1.2 Franchisee acknowledges that the Marketing, Creative & Technology Fund is intended to maximize general public recognition of and the acceptance of the Dog Haus brand for the benefit of the Dog Haus System as a whole. Franchisor undertakes no obligation, in administering the Marketing, Creative & Technology Fund, to make expenditures in Franchisee's Protected Area or for Franchisee that are equivalent or proportionate to its contribution, or to ensure that any particular Franchisee benefits directly or pro rata from marketing or promotion conducted with the Marketing, Creative & Technology Fund.

10.1.3 Franchisor will maintain the Marketing, Creative & Technology Fund in an account separate from Franchisor's other monies, and will not use it to defray any of Franchisor's expenses, except for reasonable administrative and marketing wages and costs and overhead which Franchisor may incur in activities related to administering the Marketing, Creative & Technology Fund and marketing programs for Franchisor's franchisees. Franchisor's printed materials and Website may also contain references stating that "Franchises Are Available" and/or that "Each Dog Haus Franchise Is Independently Owned and Operated" to promote the sale of franchises

for Dog Haus Restaurants. With this exception, no portion of the Marketing, Creative & Technology Fund will be used to solicit or to sell Dog Haus franchises to prospective franchisees. The Marketing, Creative & Technology Fund is not and will not be an asset of Franchisor. Any Marketing, Creative & Technology Fees collected in a year, but not spent in that year, will be carried over to the next year. Franchisor maintains the right to terminate the collection and disbursement of Marketing, Creative & Technology Fees upon ninety (90) days' prior written notice to Franchisee. Upon termination, Franchisor shall disburse the remaining Marketing, Creative & Technology Fees on hand only for the purposes authorized by this Article 10.

10.2. Local Store Marketing Expenditure. Franchisee shall spend the Local Store Marketing Expenditure on local marketing and promotion of the Franchised Restaurant as required by Franchisor. Franchisor shall have the right to adjust the amount of the Local Store Marketing Expenditure at any time and from time to time during the Term upon ninety (90) days' prior written notice from Franchisor to Franchisee to an amount not to exceed three percent (3%) of Gross Sales. Franchisee shall conduct all local marketing and promotion in accordance with the policies and provisions with respect to format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by Franchisor, and shall not use or publish any marketing material or in any way use or display any of the Dog Haus Marks except in accordance with said policies and provisions and with Franchisor's prior written approval. Franchisee shall submit samples of all marketing and promotional plans and materials to Franchisor for Franchisor's approval and may only commence use of the materials after they have been approved, in writing, by Franchisor. Franchisor shall have the right at any time after Franchisee commences use of any materials to prohibit further use, effective upon written notice to Franchisee. On the tenth (10th) day of the each calendar month during the Term, Franchisee shall provide Franchisor with a report summarizing Franchisee's Local Store Marketing Expenditures for the preceding month. Within fifteen (15) days of the end of each calendar quarter, Franchisee shall provide Franchisor with copies of all invoices, statements, canceled checks or other forms of payment that have been issued by Franchisee during the preceding calendar quarter which evidence the expenditure and payment by Franchisee of the required Local Store Marketing Expenditure. If Franchisee fails to do so, or fails to spend the required Local Store Marketing Expenditure during any calendar month, at the end of each calendar quarter Franchisee shall pay the Marketing, Creative & Technology Fund the difference between the amount that Franchisee actually spent on local marketing and the required Local Store Marketing Expenditure.

10.3. Cooperative Marketing Programs. Franchisor may from time to time establish programs for co-operative marketing ("Cooperative Marketing Programs") to coordinate marketing efforts and programs, to serve as a conduit for the collection and expenditure of the contributed funds and to maximize the efficient use of local and/or regional advertising media. If and when Franchisor creates a Cooperative Marketing Program for the a marketing coverage area (an "Marketing Coverage Area") in which the Franchised Restaurant is located, Franchisee (and, if Franchisor or an Affiliate of Franchisor owns a Franchised Restaurant in the Marketing Coverage Area, then Franchisor or such Affiliate of Franchisor), shall become a subscriber and member of the Cooperative Marketing Program and shall participate in the Cooperative Marketing Program in the manner prescribed by Franchisor. The size and content of a Marketing Coverage Area, when and if established by Franchisor, shall be binding upon Franchisee, and all other similarly situated Dog Haus franchisees and Franchisor or an Affiliate of Franchisor, if it operates Dog Haus Restaurants in the Marketing Coverage Area. Each participating Dog Haus Franchisee, as well as Franchisor (or its Affiliate), if applicable, shall be entitled to one vote for each Franchised Restaurant located within the Marketing Coverage Area as may reasonably be determined by Franchisor, but in no event shall any Dog Haus Franchisee and/or its Affiliates have more than twenty-five percent (25%) of the vote, regardless of the number of Dog Haus Restaurants owned.

10.3.1 Franchisee and all other members of the Marketing Coverage Area whose Franchise Agreements require their participation in the Cooperative Marketing Program, shall contribute to the Cooperative Marketing Program the amounts that are determined by Franchisor and fifty percent (50%) or more of the participating Dog Haus Restaurants in the Cooperative Marketing Program (at least one-half percent (.5%) of Gross Sales but not to exceed two percent (2%) of the Gross Sales of each participating Franchised Restaurant located in the Marketing Coverage Area). Franchisee's contribution to the Cooperative Marketing Program shall be credited towards the satisfaction of the Local Store Marketing Expenditure required by Section 10.2.

10.3.2 Franchisor shall administer the Cooperative Marketing Program and shall determine the policies of the Cooperative Marketing Program and the usage of the available funds for media time, production of media materials, radio, television, newspapers or Franchised Restaurant level materials such as flyers, or posters, or for any other type of advertising or marketing use. Franchisor reserves the right to establish general standards concerning the operation of the Cooperative Marketing Program, advertising agencies retained by the Cooperative Marketing Program, and marketing conducted by the Cooperative Marketing Program. Any disputes (other than pricing) arising among or between Franchisee, other Dog Haus franchisees, and/or the Cooperative Marketing Program shall be resolved by Franchisor, whose decision shall be final and binding on all parties. Franchisor undertakes no obligation, to make expenditures for advertising or marketing in Franchisee's Protected Area or to ensure that any particular franchisee benefits directly or pro rata from marketing or promotion conducted by the Cooperative Marketing Program.

10.4 **Grand Opening Marketing Expenditure; Grand Opening Events.** At least sixty (60) days before the Opening Date of the Franchised Restaurant, Franchisee shall develop and provide Franchisor with a promotional campaign plan for the grand opening of the Franchised Restaurant. Franchisee shall spend the required Grand Opening Marketing Expenditure within thirty (30) days before, and seven (7) days after, the Opening Date. Franchisor may designate a different time period to conduct the Grand Opening promotional campaign upon prior written notice to Franchisee. Franchisee shall provide Franchisor with copies of all invoices, statements, canceled checks or other forms of payment which have been issued by Franchisee which evidence the Grand Opening Marketing Expenditure and payment by Franchisee of the amounts required by this Section 10.4 for the grand opening marketing campaign for the Franchised Restaurant within forty-five (45) days of the Opening Date. If Franchisee fails to provide Franchisor with such evidence of payment, or if Franchisee fails to spend the amount required by this Section 10.4, Franchisee shall immediately pay must pay the Marketing, Creative & Technology Fund the difference between the amount that Franchisee actually spent on the grand opening marketing campaign and the required Grand Opening Marketing Expenditure. In addition to the Grand Opening Marketing Expenditure, Franchisee shall conduct grand opening events and promotions as required and directed by Franchisor and shall provide free-of-charge HausDogs to the public from opening until closing on the first day of the grand opening promotion free-of-charge.

10.5 **Promotional Campaigns.** From time to time during the Term, Franchisor shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee shall participate in the promotional campaigns upon the terms and conditions that Franchisor may establish. Franchisee acknowledges and agrees that participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional materials.

10.6 **Advisory Council.** Franchisor may from time to time establish an Advisory Council for Dog Haus Franchisees to work with Franchisor and to consult with Franchisor on potential improvements to the Dog Haus System, the products offered by Dog Haus Restaurants, advertising conducted by the Marketing, Creative &

Technology Fund and any other matters that Franchisor deems appropriate. If an Advisory Council is formed, it will act solely in an advisory capacity, and will not have decision making authority; will be comprised of Franchisor's representatives and Dog Haus Franchisees who may be chosen by Franchisor or elected by other Dog Haus Franchisees. All Dog Haus Franchisees who serve on an Advisory Council shall pay all transportation costs, food, lodging and similar costs incurred in connection with their attendance at Advisory Council meetings. Franchisor shall have the right to form, change, merge or dissolve any Advisory Council at any time, in its sole discretion.

10.7 **Internet.** Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Dog Haus Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisee shall not separately register any domain name or any portion of any domain name containing the Dog Haus Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms, video Websites, email marketing sites or other forms of electronic media not yet developed) using the Dog Haus Marks without Franchisor's prior written consent. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee. Franchisee shall provide free WiFi service at the Franchised Restaurant for use by Franchisee's customers in compliance with Franchisor's requirements for bandwidth included in the Manuals or otherwise. Franchisor control the WiFi gateway and all emails collected will be Franchisor's property, with no restrictions on Franchisor's use or distribution of email addresses.

10.8 **Websites.** Franchisor shall establish and maintain from time to time, one or more Internet Websites that shall be used to provide information about Dog Haus Restaurants to the public. Franchisor has sole discretion and control over the establishment, design and content of the Website. Franchisor may, in its discretion, configure the site to accommodate one or more interior pages which Franchisor shall dedicate, in whole or in part, to the Franchised Restaurant, all at Franchisee's expense. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website, (ii) make operational changes to the Website, (iii) change or modify the URL and/or domain name of the Website, (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to comply with Applicable Laws, or respond to changes in market conditions or technology and respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to the Website, and (vi) disable or terminate the Website without any liability to Franchisee.

11. **CONFIDENTIAL INFORMATION.**

11.1 **Dog Haus Confidential Information.** Franchisee acknowledges and agrees that the Dog Haus System is comprised of confidential information that has been developed by Franchisor and its affiliate by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor and its affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, recipes, sources of materials and equipment, client management and other software, data,

other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of the Franchised Restaurant which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation of the Franchised Restaurant under the terms of this Agreement, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the "**Dog Haus Confidential Information**"). Dog Haus Confidential Information does not include any information that was in the lawful and unrestricted possession of Franchisee prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Franchisee after receiving it; has been received lawfully and in good faith by Franchisee from a third party who did not derive it from Franchisor or Franchisee; or is shown by acceptable evidence to have been independently developed by Franchisee.

11.2 **Value.** Franchisee acknowledges and agrees the Dog Haus Confidential Information is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Franchisee; derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Dog Haus Confidential Information, including, without limitation (i) not revealing the Dog Haus Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Dog Haus Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Dog Haus Confidential Information; (iv) monitoring electronic access to the Dog Haus Confidential Information by the use of passwords and other restrictions so that electronic access to the Dog Haus Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Dog Haus Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements.

11.3 **Maintain Confidentiality.** To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its Dog Haus Trade Secrets and/or Dog Haus Confidential Information. Franchisee shall divulge Dog Haus Confidential Information only to its supervisory or managerial personnel who must have access to it in order to perform their employment responsibilities.

11.4 **Irreparable Injury from Disclosure of Dog Haus Confidential Information.** Franchisee acknowledges that failure to comply with the requirements of this Article 11 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 11.

11.5 **Confidentiality Covenants from Individuals Associated with Franchisee.** Franchisee shall require any supervisory or managerial personnel who may have access to any Dog Haus Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the Dog Haus Confidential Information they receive in connection with their association with Franchisee. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

11.6 **Dog Haus Data.** All data pertaining to the Franchised Restaurant and all data created or collected by Franchisee in connection with Franchisee's operation of the Franchised Restaurant, including, without limitation, data pertaining to, or otherwise concerning, the Franchised Restaurant's customers and other pertinent data about the Franchised Restaurant collected by Franchisee, including, without limitation, data uploaded to, or downloaded from Franchisee's computer system (collectively "**Dog Haus Data**") is Dog Haus Confidential Information and is the sole property of Franchisor. Franchisor shall have the right to review and use the Dog Haus Data in any manner that Franchisor deems appropriate without any compensation to Franchisee. Franchisee shall provide Franchisor with copies and/or originals of the Dog Haus Data within five (5) days after Franchisor's request for the Dog Haus Data at no cost to Franchisor and at any time during the Term and upon the expiration and/or termination of this Agreement. Franchisor hereby licenses use of the Franchised Restaurant. Franchisee shall maintain the Dog Haus Data as secret and confidential throughout the Term and shall not make any of the Dog Haus Data available to any unauthorized person without the prior written consent of Franchisor and then only in the manner permitted by Franchisor. Franchisor hereby licenses use of the Dog Haus Data to Franchisee during the Term, at no cost, solely for Franchisee's use in connection with the Franchised Restaurant.

11.7 **No Restriction.** Nothing in this Article 11 is intended to prohibit or restrict any activity which prohibition or restriction violates Franchisee's employees' rights to engage in protected concerted activity under the National Labor Relations Act.

12. **ACCOUNTING AND RECORDS.**

12.1 **General Reporting.** Franchisee shall submit weekly statistical control forms and other financial, operational and statistical information that Franchisor may require (i) to assist Franchisee in the operation of the Franchised Restaurant; (ii) to allow Franchisor to monitor Gross Sales, purchases, costs and expenses; (iii) to enable Franchisor to develop chain wide statistics; (iv) to assist Franchisor in the development of new Dog Haus Authorized Products or the removal of existing unsuccessful Dog Haus Authorized Products; (v) to enable Franchisor to refine existing Dog Haus Authorized Products; and (vi) to generally improve chain-wide understanding of the Dog Haus System (collectively, the "**Reporting Information**").

12.2 **Specific Reporting.** Unless otherwise agreed by Franchisor in writing, Franchisee shall submit condensed reports of daily Gross Sales to Franchisor on a weekly basis in accordance with the guidelines established by Franchisor. Franchisee will electronically link the Franchised Restaurant to Franchisor and will allow Franchisor

to poll the POS System on a daily basis at a time selected by Franchisor to retrieve Reporting Information including sales, sales mix, usage and operations data. Further:

12.2.1 Within ten (10) days following the end of each month during the Term, or at any other interval that Franchisor may establish, Franchisee shall submit a Gross Sales report signed by Franchisee, in the form and manner prescribed by Franchisor, reporting all Gross Sales for the preceding month, together with the additional financial information that Franchisor may, from time to time, request.

12.2.2 Within forty-five (45) days following the end of each calendar quarter during the Term, Franchisee shall submit to Franchisor financial statements for the preceding quarter, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by Franchisor and in accordance with generally accepted accounting principles, which shall be certified by Franchisee to be accurate and complete.

12.2.3 Within forty-five (45) days following the end of each calendar year during the Term, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in the form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete. Franchisee shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate Governmental Authority. Franchisor reserves the right to require the further information concerning the Franchised Restaurant that Franchisor may, from time to time, reasonably request.

12.3 **Administrative Assessments.** If Franchisee fails to transmit the reporting information to Franchisor in the manner, at the times, and in the formats specified by Franchisor, in addition to all other remedies available to Franchisor under this Agreement, Franchisee shall pay Franchisor, upon demand, the applicable Administrative Assessment as reimbursement to Franchisor. Franchisor and Franchisee acknowledge that violations of these reporting requirements will damage Franchisor in amounts that cannot be quantified as of the Effective Date and that each of these Administrative Assessments is a reasonable, good faith estimate of those damages.

12.4 **Audits.** Franchisee shall prepare, and keep for not less than three (3) years following the end of each of its fiscal years, adequate books and records showing daily receipts in, at and from the Dog Haus Restaurants, applicable sales tax returns, if any, all pertinent original serially numbered sales slips and cash register records, and the other sales records as may be reasonably required by Franchisor, from time to time, to verify the Gross Sales reported by Franchisee to Franchisor, in a form suitable for an audit of Franchisee's records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, when possible. Franchisor, its agents or representatives may, at any reasonable time during normal working hours, audit or review Franchisee's books and records in accordance with generally accepted standards established by certified public accountants. If any audit or other investigation reveals an under-reporting or under-recording error of three percent (3%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, which shall include, without limitation, Franchisor's travel, lodging and wage expenses and reasonable accounting and legal expenses, plus interest at the highest compound rate permitted by Applicable Law, but not to exceed the rate of eighteen percent (18%) per annum.

12.5 **Books and Records.** Franchisee shall maintain an accounting and record keeping system, which shall provide for basic accounting information necessary to prepare financial statements, a general ledger and reports

required by this Agreement and the Manuals. Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to the accounting information.

12.6 Use of Financial Statements In Disclosure Document. Franchisee hereby irrevocably consents to Franchisor's use of information contained in its financial statements, at Franchisor's election, in its franchise disclosure document for the offer and sale of franchises.

12.7 Data for Franchised Restaurant. All data pertaining to the Franchised Restaurant and all data created or collected by Franchisee in connection with Franchisee's operation of the Franchised Restaurant (including, without limitation, data pertaining to or otherwise concerning the Franchised Restaurant's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's POS System and/or computer system) is the sole property of Franchisor and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without any compensation to Franchisee. Franchisee shall provide Franchisor with copies and/or originals of such data upon request by Franchisor. Franchisor hereby licenses use of such data to Franchisee during the Term, at no cost, solely for Franchisee's use in connection with the Franchised Restaurant.

13. INSURANCE.

13.1 Franchisee's Insurance Obligations. Franchisee shall obtain and maintain throughout the Term the types and amounts of insurance required by Franchisor and shall provide Franchisor with proof of coverage and Certificates of Insurance upon demand. This insurance shall protect Franchisee and Franchisor against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Restaurant. Franchisee shall obtain and maintain: (i) workers' compensation insurance in compliance with local laws and regulations; (ii) employer's liability insurance with \$1,000,000 combined single limit coverage; (iii) comprehensive general liability insurance and product liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 aggregate coverage including the following: broad form contractual liability and personal injury coverage (employee and contractual inclusion deleted) insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the Franchised Restaurant business, provided that the required amounts may be modified periodically by us to reflect inflation or future experience with claims; (iv) automobile liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least \$1,000,000; (v) loss of income insurance (in an amount sufficient to cover the all fees due to Franchisor under this Agreement for a period of at least twelve (12) months); (vi) rental value insurance in an amount sufficient to cover the rents and other fees due the Landlord under the Lease during any period of business interruption or inability to operate the Franchised Restaurant or any greater amounts of insurance as required by the Lease for the Franchised Location; (vii) employment practices liability insurance; and (viii) additional insurance and types of coverage as required by the terms of the Lease for the Franchised Location, including an umbrella policy with limits of \$1,000,000 to \$3,000,000.

13.2 Required Endorsements and Certificates. Each policy shall: (i) be written by insurers licensed and admitted to write coverage in the jurisdiction in which the Franchised Restaurant is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; (ii) name Franchisor as an additional insured; and (iii) comply with the requirements prescribed by Franchisor at the time the policies are obtained. Franchisee and Franchisee's insurers shall agree to waive their rights of subrogation against Franchisor, and Franchisee shall provide evidence of the waiver in accordance with Section 13.1. Franchisee's obligation to obtain

and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.4. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insured, shall nevertheless be entitled to recover under the policies on any loss occasioned to Franchisor, or its Affiliates, partners, shareholders, directors, agents, or employees by reason of the negligence of Franchisee or its partners, shareholders, directors, agents, or employees. At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of required coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by the Certificates. Certificates evidencing the insurance required by this Article 13 shall name Franchisor, and each of its Affiliates, partners, shareholders, directors, agents, and employees as additional insureds on the additional-insured Grantor of Franchise Form CG-2029 or an insurer's comparable form, and shall expressly provide that any interest of each shall not be affected by any Default by Franchisee of any policy provisions for which the Certificates evidence coverage.

13.3 Franchisor's Right to Secure Insurance on Behalf of Franchisee. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as the requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to immediately procure the insurance and to charge the same to Franchisee, which charges, together with Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

14. TRANSFER OF INTEREST.

14.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent or approval of Franchisee. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, the Dog Haus Marks, or the Dog Haus System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring all without the consent or approval of Franchisee.

14.2 Assignment by Franchisee. Franchisee acknowledges and agrees that the rights granted to Franchisee under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and, if Franchisee is an Entity, that of the Owners. Accordingly, to protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Franchisee shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Franchisee's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Franchisee acknowledges and agrees that Franchisee has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly, (i) any interest in this Agreement; or (ii) the right to use the Dog Haus System or the Dog Haus Marks (an "**Assignment**") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Franchisee satisfies the conditions to the Assignment identified in this Agreement.

14.2.1 Unless the Parties otherwise agree in writing, Franchisee shall not make any Assignment of this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all Dog Haus Restaurants then owned and operated by Franchisee. As a condition to Franchisor's consent to an Assignment, the assignee must execute Franchisor's then-current form of Franchise Agreement for each Franchised Restaurant sold to the assignee. Further, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion, (i) Franchisee shall not offer for sale or transfer at public or private auction any of the rights of Franchisee under this Agreement; and (ii) Franchisee shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than ten (10) days' prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

14.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Franchisee pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Franchisee; (iv) the issuance of any securities by Franchisee which itself or in combination with any other transactions results in the Owners, as constituted on the Effective Date, owning less than fifty percent (50%) of the outstanding Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected. Franchisee shall promptly provide Franchisor with written notice (stating the information that Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect equity or voting rights in Franchisee, notwithstanding that the same may not constitute an Assignment under this Article 14.

14.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Franchisee of all of Franchisee's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "**Qualified Assignment**"). Any attempted or purported Assignment which fails to comply with the requirements of this Article 14 shall be null and void and shall constitute a Default under this Agreement.

14.3. **Right of First Refusal.** Except with respect to a Qualified Assignment, if Franchisee or an Owner receive a bona fide written offer ("**Third Party Offer**") from a third party (the "**Proposed Buyer**") to purchase or otherwise acquire any interest in Franchisee which will result in an Assignment within the meaning of this Agreement, Franchisee or the Proposed Buyer shall, within fourteen (14) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to purchase or otherwise acquire all Dog Haus Restaurants then owned and operated by Franchisee, or its Affiliates.

14.3.1 Franchisee, or the Proposed Buyer, shall attach to its application for consent to complete the transfer a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement; and (iii) any other information material to the Third Party Offer, proposed transferee and proposed Assignment or that

Franchisor requests.

14.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("Purchase Notice") given to Franchisee or the Proposed Buyer, within thirty (30) days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Franchisee or the Proposed Buyer that it will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price the amount of all amounts then due and owing from Franchisee to Franchisor under this Agreement or otherwise.

14.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

14.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Franchisee. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 14.3.

14.4 Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

14.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's then-current qualifications for new Dog Haus franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

14.4.2 Franchisee must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

14.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

14.4.4 The Proposed Buyer must sign Franchisor's then-current form of Franchise Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects, except that the term of replacement Franchise Agreement shall be the remaining term of this Agreement. In exchange for signing the then-current Franchise Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement. If the Proposed Buyer is an Entity, each owner and each owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations in the then-current Franchise Agreement under a Guarantee in the form of Exhibit C. If Franchisor is not offering new Dog Haus franchises, is in the process of revising, amending or renewing Franchisor's form of Franchise Agreement or franchise disclosure document or is not lawfully able to offer Franchisor's then-current form of Franchise Agreement at the time of an Assignment, Franchisor may offer to

amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the Term on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a then-current form of Franchise Agreement.

14.4.5 Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of Dog Haus Confidential Information.

14.4.6 Franchisee and the Proposed Buyer shall execute a General Release of all known and unknown liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, that they have, may have or believe to have against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees as of the date of the general release, in a form acceptable to Franchisor.

14.4.7 Franchisee shall pay Franchisor the Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

14.4.8 Franchisee must simultaneously transfer its rights in all contracts for which continuation is necessary for operation of the Franchised Restaurant to the Proposed Buyer and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained.

14.4.9 Franchisee's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Franchisee and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

14.4.10 Except when the transferee is an existing Franchisee or franchisee of Franchisor, the Proposed Buyer and a supervisory or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the Franchised Restaurant who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Program prior to the effective date of the Assignment.

14.4.11 The Proposed Buyer must conform the Franchised Restaurant with Franchisor's then-current appearance and design standards and equipment specifications applicable to new Dog Haus Restaurants.

14.4.12 Franchisee must sign a guarantee personally guaranteeing the Proposed Buyer's obligations under the new Franchise Agreement in favor of Franchisor.

14.5 **Death or Incapacity.** In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Owner, or the remaining Owners (the "Successor") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated Owner; or (ii) complete an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party, subject to the provisions of this Article 14. If a Successor has not purchased the

interest of the deceased or incapacitated Owner or completed an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

14.6 Transfer by Franchisee in Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to Section 16.1 and this Agreement is assumed, or Assignment of the same to any person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by the assignee for the Assignment of this Agreement.

14.7 Restriction on Publicly Traded and Private Securities. Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor, and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of \$10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 14.

15. COVENANTS.

15.1 No Prior Experience, Information or Knowledge. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a gourmet hot dog, sausage and hamburger restaurant or a Dog Haus Restaurant and that

Franchisee's knowledge of the Dog Haus Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Restaurant under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, Dog Haus Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Dog Haus System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

15.2 Non-Competition During Term of Agreement. Franchisee and each Owner covenants that during the Term, except as otherwise approved in writing by Franchisor, Franchisee and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity: (i) divert or attempt to divert any present or prospective Dog Haus customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Dog Haus Marks and the Dog Haus System; (ii) employ or seek to employ any person who is or has been within the preceding ninety (90) days employed by Franchisor or an Affiliate of Franchisor as a supervisory or managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment; or (iii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 15.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee.

15.3 Non-Competition After Expiration or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of (i) an Assignment permitted under Article 14, (ii) the Expiration Date of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken): with respect to any of the foregoing events or with respect to enforcement of this Section 15.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Owner shall not, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business located at the Franchised Location or within two (2) miles of the Franchised Location or any other Dog Haus Restaurants; provided, however, the restrictions stated in this Section 15.3 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee.

15.4 Violation of Covenants. If Franchisee or any Restricted Person shall commit any violation of Section 15.3 during the two (2) year period following (i) the expiration or termination of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 15.3, in addition to all other remedies available to Franchisor, Franchisee or the Restricted Person shall pay Franchisor, throughout the twenty-four (24) month period, five percent (5%) of the revenue derived by Franchisee from the sale of all products and services and all other income of every kind and nature ("Post Termination Gross Sales") of the Competitive Business. Franchisee shall account for and pay the six percent (6%) of the Post Termination Gross Sales to Franchisor on the fifteenth day of each calendar month on the Post Termination Gross Sales of the Competitive Business during the preceding calendar month. Franchisor

shall have the right to audit the books and records of the Competitive Business in accordance with Section 12.3 to confirm Franchisee's compliance with this Section 15.4, upon prior notice to Franchisee.

15.5 **Exceptions to Covenants.** Sections 15.2 and 15.3 shall not apply to ownership by Franchisee or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.6 **Reducing Scope of Covenants.** Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 15.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

15.7 **Reasonable Good Faith Estimate.** Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur if Franchisee or any Restricted Person shall commit any violation of Section 15.3, during the two (2) year period following (i) the expiration or termination of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 15.3 due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the then-current Term, the uncertainty regarding the Gross Sales of the Franchised Restaurant during the remainder of the then-current Term, the amount of Royalty Fees Franchisee would have paid Franchisor based upon the Gross Sales of the Franchised Restaurant and the like as well as the amount of the fees that Franchisor will collect from Franchisee upon the occurrence of the circumstances described in Section 15.3. Franchisor and Franchisee further acknowledge and agree that the five percent (5%) fee of Post Termination Gross Sales is a reasonable, good faith estimate of those damages.

15.8 **Covenants from Individuals.** Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 15, (including covenants applicable upon the termination of a person's relationship with Franchisee) from all Owners. Every covenant required by this Section 15.8 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

15.9 **Interference With Employment Relations.** Without Franchisor's prior written consent, during the Term and for a period of twenty-four (24) months following the termination, expiration or nonrenewal of this Agreement, or if there shall occur an Assignment, neither Franchisee, its Owner(s) or their respective Affiliates, officers, directors or managers, or any of them, shall in any capacity whatsoever, either directly or indirectly, hire, solicit or encourage to leave the employment of Franchisor, or any of its Affiliates, or any licensee or franchisee of Franchisor, any employee of Franchisor or its Affiliates (or any person who the persons knew or should have known was an employee of any licensee or franchisee of Franchisor) or hire any employee who has left the employment of Franchisor, or any of its Affiliates (or any licensee or franchisee) within one (1) year of the termination of the employee's employment with Franchisor, or any of its Affiliates or its Licensees or franchisees.

15.10 **Effect of Applicable Law.** In the event any portion of the covenants in this Article 15 violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Franchisor and Franchisee are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Franchisee. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and

Franchisee shall comply with any reduced covenant upon receipt of written notice. The provisions of this Article 15 shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

15.11 Business Practices. Franchisee shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "Anti-Terrorism Laws"). In connection with its compliance, Franchisee certifies, represents and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's employees or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 16.2.

15.12 Survival. The provisions of this Article 15 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the Dog Haus Marks, the Dog Haus System, the Dog Haus Confidential Information, the Dog Haus Trade Secrets, or any other proprietary aspects of Franchisor's business.

16. DEFAULT AND TERMINATION.

16.1 Termination In the Event of Franchisee's Bankruptcy or Insolvency. Franchisee shall be deemed to be in Default under this Agreement, and all rights granted to Franchisee of this Agreement shall automatically terminate without notice to Franchisee, (i) if Franchisee becomes insolvent or make a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed under any foreign, state or United States Bankruptcy Act by Franchisee or if a petition is filed against and not opposed by Franchisee; (iii) if Franchisee is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for the Franchised Restaurant is filed and consented to by Franchisee; (v) if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Franchisee; (vii) if a final judgment in excess of \$100,000 against the Franchised Restaurant remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Franchisee admits Franchisee is unable to generally pay Franchisee's debts as they become due; (ix) if execution is levied against the Franchised Restaurant or property; (x) if suit to foreclose any lien or mortgage against the Franchised Restaurant, the Franchised Location or the equipment of the Franchised Restaurant is instituted against Franchisee and not dismissed within thirty (30) days; or (xi) if the Franchised Restaurant or the Franchised Location shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 Option to Terminate Without Opportunity to Cure. Franchisee shall be deemed to be in Default and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the Default, effective immediately upon receipt of notice by Franchisor upon the occurrence of any of the following events:

16.2.1 If Franchisee shall Abandon the Franchised Restaurant.

16.2.2 If Franchisee shall purport to make any Assignment without the prior written consent of Franchisor.

16.2.3 If Franchisee shall Default in any obligation as to which Franchisee has previously received three (3) or more written notices of Default from Franchisor setting forth the Default complained of within the preceding twelve (12) months.

16.2.4 If Franchisee makes any material misrepresentations in connection with the execution of this Agreement or the operations of the Franchised Restaurant.

16.2.5 If Franchisee fails, for a period of ten (10) days after having received notification of noncompliance from Franchisor or any Governmental Authority, to comply with any Federal, state or local law or regulation applicable to the operation of the Franchised Restaurant.

16.2.6 If Franchisee's operation of the Franchised Restaurant constitutes an imminent danger to the public health.

16.2.7 If an audit or investigation conducted by Franchisor discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated its Gross Sales or withheld the reporting of the same as provided in this Agreement.

16.2.8 If Franchisee or any of its Owners, are convicted of or plead guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect Franchisor's reputation, the Dog Haus System, the Dog Haus Marks or the goodwill associated the same; however, if the crime or offense is committed by an Owner other than the Principal Owner, Franchisor may only terminate this Agreement under this Section 16.2.8 if the convicted Owner fails to sell its interest in Franchisee to Franchisee's other Owners within thirty (30) days after the conviction or guilty plea.

16.2.9 If Franchisee materially misuses or makes any unauthorized use of the Dog Haus Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Restaurant or the Dog Haus chain generally.

16.2.10 If Franchisee makes any unauthorized use, disclosure, or duplication of the Dog Haus Trade Secrets or Dog Haus Confidential Information.

16.2.11 If Franchisee fails to purchase and maintain in inventory the types and quantities of Dog Haus Branded Products, Dog Haus Proprietary Products or Non-Proprietary Products necessary to meet reasonably anticipated consumer demand.

16.2.12 If Franchisee shall or purports to purchase Dog Haus Branded Products or Dog Haus Proprietary Products or Non-Proprietary Products from other than a Dog Haus Approved Supplier and fails to cease use of the non-complying product within three (3) days after having received notification from Franchisor to do so.

16.2.13 If Franchisee shall Default in any obligation under this Agreement that by its nature is not capable of being cured by Franchisee.

16.2.14 If Franchisee fails to meet the site selection requirements, enter a Lease or Open the Franchised Restaurant within the applicable time periods provided for in this Agreement.

16.2.15 If an approved Assignment as required by Section 14.5, is not effected within the time provided following the death or permanent incapacity (mental or physical) of Franchisee.

16.2.16 If Franchisee fails to comply with the covenants in Article 15 or fails to deliver to Franchisor the executed covenants required under Section 11.5 or Section 15.8.

16.2.17 If Franchisee or the Principal Owner fails to successfully complete the Initial Training Program required by Section 6.1.

16.2.18 If Franchisee fails to obtain or maintain the insurance coverage required by Sections 13.1 and 13.2.

16.2.19 If, within ten (10) days after receipt of written notice from Franchisor that any required payment is overdue, Franchisee fails to make the payment to Franchisor, Franchisor's Affiliates, or, to Franchisee's suppliers, creditors or employees unless, with respect to Franchisee's suppliers, creditors or employees, Franchisee notifies Franchisor of the existence of a bona fide dispute and takes immediate action to resolve it.

16.2.20 If Franchisee fails to make timely payments upon any obligation of Franchisee upon which Franchisor has advanced any funds for or on behalf of Franchisee, or upon which Franchisor is acting as a guarantor of Franchisee, or Default upon or breach of any provision of any promissory note or other evidence of indebtedness or any agreement relating to this Agreement concerning any obligation of Franchisee which arises from the Franchised Restaurant.

16.2.21 If Franchisee Defaults in the repayment or performance of any obligation or financing transaction with third parties under which this franchise, the Franchised Location or any asset of the Franchised Restaurant is pledged as security for Franchisee's performance.

16.2.22 If Franchisee or any of its Owners use abusive language when communicating with Franchisor, Franchisor's staff, or customers, or denigrates the Dog Haus System or portrays it in an unflattering light on the Internet or otherwise.

16.2.23 If, contrary to the terms of Section 7.10, Franchisee fails to sell and offer for sale all and only authorized services and merchandise required by Franchisor after Franchisee receives a Notice of Default from Franchisor due to Franchisee's failure to do so, whether or not Franchisee has cured the Default after one or more notices; or if Franchisee fails to discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time, within ten (10) days after Franchisee's receipt of written notice from Franchisor to do so.

16.2.24 If Franchisee fails to respond to all communications with Franchisor in a timely manner.

16.3 **Termination with Notice and Opportunity to Cure:** Except for any Default by Franchisee under Sections 16.1 or 16.2, and as expressly provided elsewhere in this Agreement, Franchisee shall have five (5) days, in the case of any monetary Default and ten (10) days in the case of any other type of Default, following the receipt of a notice of Default (a "Notice of Default") demanding the cure of the Default and to provide evidence of the cure to Franchisor. If any Default is not cured within that time period, or any longer time period that Applicable Law

may require or that Franchisor may specify in the Notice of Default, this Agreement and all rights granted in this Agreement shall automatically terminate without further notice or opportunity to cure.

16.4 Reimbursement of Franchisor's Costs. Upon a Default by Franchisee, all of Franchisor's costs and expenses arising from the Default, including reasonable attorneys' fees, shall be paid to Franchisor within five (5) days after cure or upon demand by Franchisor whether or not the Default is cured.

16.5 Cross-Default. Any Default under the terms and conditions of this Agreement, any Area Development Agreement or any other agreement between Franchisor, or its Affiliates, and Franchisee, or its Owners or Affiliates, shall be deemed to be a Default of each and every other agreement. In the event of termination, for any cause, of this Agreement or any other agreement between the Parties, Franchisor may, at its option, terminate any or all of the agreements.

16.6 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article 16, if any valid Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by that Applicable Law. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of Applicable Laws in any action, hearing or dispute relating to this Agreement or the termination of this Agreement.

16.7 Interim Management. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, after Franchisor has given Franchisee written notice that Franchisee is in Default, Franchisor may (but is not obligated to) assume interim management of the Franchised Restaurant during the pendency of any cure period or in lieu of immediately terminating this Agreement. If Franchisor elects to assume interim management of the Franchised Restaurant (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchised Restaurant during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; and (iv) Franchisee agrees to, and hereby does, indemnify and hold Franchisor harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchised Restaurant, other than those arising solely from the gross negligence or willful misconduct of Franchisor.

16.8 Delay by Force Majeure. Franchisee shall provide Franchisor, within ten (10) days after the occurrence of an event that Franchisee believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Franchisee's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance by Franchisee shall be extended by the number of days equal to the number of days that the Force Majeure exists. Franchisee shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Franchisee's progress and diligence in responding to and overcoming the event of Force Majeure.

16.9 Termination by Franchisee. Franchisee may terminate this Agreement due to a material Default by Franchisor of its obligations under this Agreement, which Default is not cured by Franchisor within sixty (60) days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged Default

with specificity; provided, that if the Default is such that it cannot be reasonably cured within such sixty (60) day period, Franchisor shall not be deemed in Default for so long as it commences to cure such Default within sixty (60) days and diligently continues to prosecute such cure to completion. This is a material term of this Agreement and a mediator shall not, and shall not have the power or authority to, waive, modify or change this requirement in any mediation proceedings or otherwise. If Franchisee terminates this Agreement pursuant to this Section 16.9, Franchisee shall comply with all of the terms and conditions of Article 17.

16.10 Options At Termination. Upon any Default under Sections 16.2 or 16.3, Franchisor may immediately take any one or more of the following actions, by written notice to Franchisee: (i) terminate this Agreement and all rights granted to Franchisee under this Agreement; (ii) eliminate or diminish Franchisee's rights with respect to the Protected Area or the size of the Protected Area; (iii) increase the fees to be paid by Franchisee to Franchisor; or (iv) increase Franchisee's Local Store Marketing Expenditures.

17. OBLIGATIONS FOLLOWING TERMINATION OR EXPIRATION.

17.1 General. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, upon the expiration or termination of Franchisee's rights granted under this Agreement, Franchisee shall immediately cease to use all Dog Haus Trade Secrets, Dog Haus Confidential Information, the Dog Haus Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall at its own cost immediately return the Manuals and all written materials incorporating Dog Haus Trade Secrets and all copies of any of the same to Franchisor. Franchisee shall at its own cost make cosmetic changes to the Franchised Restaurant and the Franchised Location so that they no longer contain or resemble Franchisor's proprietary designs and shall remove all Dog Haus identifying materials and distinctive Dog Haus cosmetic features and finishes, furniture, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Franchised Location that Franchisor may reasonably direct.

17.2 Prior Payments; Liquidated Damages. Franchisor may retain all fees paid to Franchisor pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts remaining due to Franchisor and its Affiliates. If this Agreement terminates due to a Default by Franchisee, the amounts to be paid by Franchisee shall include all damages, and costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the Default, which obligation shall remain, until paid in full, a lien in favor of Franchisor against assets of the Franchised Restaurant. In addition to the foregoing, Franchisee shall pay Franchisor, within thirty (30) days following the date of termination, an amount equal to the product of two (2) multiplied by the total Royalty Fees paid (or if unpaid, payable) by Franchisee during the twelve (12) months immediately preceding the effective date of termination to account for the actual damages that Franchisor shall suffer as a result of the termination of this Agreement during the time period that Franchisor estimates will expire while Franchisor searches for a replacement franchisee for the Franchised Restaurant or for a replacement Franchised Restaurant location in the trade area of the Franchised Restaurant. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon the termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor and the uncertainty regarding the number of months that will expire while Franchisor searches for a replacement franchisee for the Franchised Restaurant or for a replacement Franchised Restaurant location in the trade area of the Franchised Restaurant. Franchisor and Franchisee further acknowledge and agree that this calculation of Franchisor's potential damages is a reasonable, good-faith estimate of those damages. If Franchisor is unable to make this calculation because of Franchisee's failure to report the Gross Sales of the Franchised

Restaurant, Franchisor may estimate the Gross Sales of the Franchised Restaurant for the applicable period based upon the historical financial information available to Franchisor at that time.

17.3 **Termination of Obligations and Rights.** Following the termination or expiration of this Agreement, any and all obligations of Franchisor to Franchisee under this Agreement shall immediately cease and terminate. Likewise, any and all rights of Franchisee under this Agreement shall immediately cease and terminate and Franchisee shall immediately cease and thereafter refrain from representing itself as a then or former Franchisee or other Affiliate of Franchisor.

17.4 **Electronic Communications and Media.** The goodwill associated with all phone and fax numbers, email addresses, domain names, Websites or webpages, social media and other Internet addresses used in operation of the Franchised Restaurant ("**Electronic Communications and Media**") is an asset that belongs to Franchisor. Franchisor shall have the option, exercisable by written notice within thirty (30) days after the cancellation, termination or expiration of this Agreement, to take an assignment of all Electronic Communications and Media for the Franchised Restaurant. If Franchisor exercises this option, Franchisee will be deemed to have assigned to Franchisor or Franchisor's designee all right, title and interest in and to these and/or services associated with the same. Franchisee shall notify the telephone company, domain name registrars and all listing agencies of the cancellation, termination or expiration of its right to use the Electronic Communications and Media associated with the Franchised Restaurant, and shall authorize their transfer to Franchisor. Franchisee hereby appoints Franchisor as its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as may be necessary to effect an assignment of Electronic Communications and Media for the Franchised Restaurant. This power of attorney is coupled with an interest and shall survive the cancellation, termination or expiration of this Agreement. Franchisee, by executing this Agreement, authorizes Franchisor and hereby appoints Franchisor and all of Franchisor's officers as Franchisee's attorney-in-fact to direct the telephone company, domain name registrars and all listing agencies to transfer the same to Franchisor, should Franchisee fail or refuse to do so. The telephone company, domain name registrars and all listing agencies may accept this Agreement as conclusive evidence of Franchisor's exclusive rights to the Electronic Communications and Media and Franchisor's authority to direct their transfer. Franchisee must sign the instruments Franchisor requests to confirm the assignments and transfers to Franchisor. Franchisee shall not be entitled to any compensation from Franchisor if Franchisor exercises this option.

17.5 **Purchase Restaurant Assets.** Upon the expiration of this Agreement or the termination of this Agreement for any Default of Franchisee, Franchisor shall have the option, to be exercised by written notice to Franchisee within thirty (30) days after the Expiration Date or termination date, to purchase some or all of the assets of the Franchised Restaurant, regardless of whether the Franchised Restaurant is under construction or is Open and operating, and some or all of the assets of Franchisee related to the Franchised Restaurant that Franchisor elects to purchase (collectively, the "**Restaurant Assets**"). The purchase price for the Restaurant Assets (the "**Purchase Price**") shall be the "**Fair Market Value**" of the Restaurant Assets as determined under this Section 17.5. "**Fair Market Value**" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "**Exercise Date**"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser, and Franchisee shall appoint within forty (40) days of the Exercise Date, one (1) appraiser. The two (2) appraisers shall within a period of five (5) additional days, agree upon and appoint an additional appraiser. The three (3) appraisers shall, within sixty (60)

days after the appointment of the third appraiser, determine the Purchase Price in writing and submit their report to Franchisor and Franchisee. The Purchase Price shall be determined by disregarding the appraiser's valuation that diverges the greatest from each of the other two (2) appraisers' valuations, and the arithmetic mean of the remaining two (2) appraisers' valuations shall be the Purchase Price. Franchisor and Franchisee shall each pay for the services of the appraiser they select, plus one half (1/2) of the fee charged by the third appraiser, and one half (1/2) of all other costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in eighty-four (84) equal monthly payments and shall bear interest at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Restaurant Assets. Any purchase of the Restaurant Assets shall include the assumption by Franchisor and the assignment by Franchisee, of the Lease for the Franchised Restaurant.

17.6 **Survival of Obligations.** Termination or expiration of this Agreement shall be without prejudice to any other rights or remedies that Franchisor or Franchisee, as the case may be, shall have in law or in equity, including, without limitation, the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination or post-expiration covenants and agreements, including the obligation of Franchisor and Franchisee to attempt to resolve all disputes by mediation, shall survive the termination or expiration of this Agreement.

17.7 **No Ownership of Dog Haus Marks.** Franchisee acknowledges and agrees that the rights to the Dog Haus Marks and the use of the Dog Haus Marks shall be and remain the property of Franchisor. Franchisee acknowledges and agrees that any use of the Dog Haus Marks after the termination or expiration of this Agreement shall constitute an unauthorized use of an identical mark and shall entitle Franchisor to damages due to, but not limited to, trademark infringement and counterfeiting.

17.8 **Government Filings.** If Franchisee has registered any of the Dog Haus Marks or the name Dog Haus or Dog Haus as part of an assumed, fictitious or corporate name, Franchisee shall promptly amend those registrations to delete the Dog Haus Marks and any confusingly similar marks or names.

18. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION.**

18.1 **No Fiduciary Relationship.** This Agreement does not create a fiduciary relationship between the Parties. Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

18.2 **Public Notice of Independent Status.** Franchisee shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Franchisee of Franchisor, and shall place the notice of independent ownership on all forms. Franchisor shall have the right to specify the language of any notice.

18.3 Independent Contractor. Franchisee acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor.

18.4 Indemnification. Franchisee and its Owners and Affiliates (collectively, the "Indemnitors") shall indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor and its Constituents (collectively, the "Indemnitees"), from any and all "Losses and Expenses" incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof (collectively, an "Indemnifiable Claim") which arises directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Restaurant and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Franchisee; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 18.4 shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). For the purpose of this Section 18.4, the term "Losses and Expenses" means and include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to a Party's reputation and goodwill, and all other costs associated with any of the foregoing Losses and Expenses.

18.4.1 The Indemnitees shall give the Indemnitors prompt notice of any Indemnifiable Claim of which the Indemnitees are aware for which indemnification is required under this Section 18.4. The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against the Indemnitees (a "Third Party Claim") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against the Indemnitees (a "Direct Claim"), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known. If, through the fault of the Indemnitees, the Indemnitors do not receive notice of any Indemnifiable Claim in time to effectively contest the determination of any Losses and Expenses susceptible of being contested, the Indemnitors shall be entitled to set off against the amount claimed by the Indemnitees the amount of any Losses and Expenses incurred by the Indemnitors resulting from the Indemnitees' failure to give such notice on a timely basis.

18.4.2 With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume such control shall be made within thirty (30) days after the Indemnitors' receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement or defenses of the Third Party Claim and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless the Indemnitors consent to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the Indemnitees are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitees by the same counsel would be appropriate because of the absence of any actual or potential differing interests between them (such as the availability of different defenses).

18.4.3 If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time, the Indemnitees shall be entitled to assume control and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make such payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

18.4.4 If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees, which consent shall not be unreasonably withheld or delayed. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they becomes available).

18.4.5 With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make such investigation of the Direct Claim as is considered necessary or desirable. For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Article 19.

18.4.6 The Indemnitees shall exert commercially reasonable efforts to mitigate the Losses and Expenses upon and after becoming aware of any Indemnifiable Claim which could reasonably be expected to give rise to the payment of Losses and Expenses.

19. DISPUTE RESOLUTION.

19.1 Mediation. The Parties pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association unless Franchisor and Franchisee agree on alternative rules and a mediator within fifteen (15) days after either Party first gives notice of mediation. Mediation shall be conducted in Los Angeles County, California, and shall be conducted and completed within forty-five (45) days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Franchisee. The fees and expenses of the mediator shall be shared equally by Franchisor and Franchisee. The mediator shall be disqualified as a witness, expert or counsel for any Party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Franchisee shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth

in this Agreement, any Party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party attorneys' fees in any subsequent legal action. If any dispute remains unresolved ninety (90) days after a demand for mediation by either Party, the Parties shall each be free to pursue their respective legal remedies under Section 19.2.

19.2 Judicial Relief. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 19.2 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

19.3 Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its Default under this Agreement must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one (1) year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Franchisee, for themselves, and for and on behalf of the Franchisor Owners and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Franchisee shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 19.5.

19.4 Specific Performance. Franchisor and Franchisee acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Franchisee agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Franchisee further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Franchisee might otherwise have.

19.5 Exclusive Remedy. In no event shall either Party make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any claim for damages. Neither Party may claim any damages by way of setoff, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

19.6 Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing Party shall be entitled to recover from the

other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a court of competent jurisdiction.

19.7 **Exceptions to Mediation.** The mediation provision in Section 19.1 shall not apply to any action for injunctive or other provisional relief, including, without limitation, enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Dog Haus Marks. Any claim or dispute involving or contesting the validity of any of the Dog Haus Marks shall not be subject to mediation.

20. **NOTICES.**

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

Dog Haus Worldwide, LLC
22 Central Court
Pasadena, California 91105
Attention: Erik Hartung

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764

Notices to Franchisee:

See Exhibit A

Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

21. **ACKNOWLEDGMENTS.**

21.1 **Waiver and Delay.** No waiver by Franchisor of any Default, or series of Defaults in performance by Franchisee; and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or

performance of Franchisee's obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

21.2 **Survival of Covenants.** The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

21.3 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

21.4 **Joint and Several Liability.** If Franchisee consists of more than one Owner, the obligations and liabilities of each person or Entity to Franchisor are joint and several.

21.5 **Entire Agreement.** This Agreement and the Exhibits contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement and Franchisee agrees that it has executed this Agreement without reliance upon any representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representations made in the Dog Haus Franchise Disclosure Document.

21.6 **Titles and Recitals.** Article and 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. The recitals set forth in Recitals A and B are true and correct and are hereby incorporated by reference into the body of this Agreement.

21.7 **Gender and Construction.** The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Franchisee that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has

been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

21.8 Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

21.9 Counterparts and Electronic Transmission. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

21.10 Electronic Execution and Copies. This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (collectively, "electronic"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Franchisee acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

21.11 Intent to Comply. Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply with the terms of this Agreement and be bound by the terms of this Agreement. Franchisor expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or

implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

21.12 **Independent Investigation.** Franchisee acknowledges that Franchisee has conducted an independent investigation of the business franchised under this Agreement, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee and if an Entity, its Owners, as independent businesspersons. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

21.13 **Copy of Agreement.** Franchisee acknowledges that it received a copy of this Agreement, the Exhibits attached to this Agreement and all other agreements relating to this Agreement, if any, with all of the blank lines filled in, at least five (5) business days prior to the Effective Date.

21.14 **Opportunity to Consult.** Franchisee acknowledges that it has read and understood this Agreement, the Exhibits attached to this Agreement, and all other agreements relating to this Agreement, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

21.15 **Area Development Agreement.** This Section 21.15 is only applicable if Franchisee or its Affiliates have entered into an Area Development Agreement (a "Development Agreement") with Franchisor. Franchisor and Franchisee acknowledge and agree that the Development Agreement contains certain negotiated provisions which are intended to apply to, and modify, future franchise agreements entered into by the Parties. Therefore, notwithstanding anything to the contrary set forth in this Agreement, to the extent any provision in the Development Agreement contradicts any provision in this Agreement, or is in addition to any provision of this Agreement, the Development Agreement shall control to the extent of such inconsistency or addition. Franchisor and Franchisee further acknowledge and agree that this Section 21.15 has been added at the request and for the convenience and benefit of both Parties and with advice of counsel. Accordingly, both Franchisor and Franchisee shall work in good faith to resolve any disputes regarding the application or intent of the Development Agreement and future franchise agreements entered into by the Parties. Should a dispute arise as to the application or intent of the Development Agreement as it pertains to this Agreement, the Parties shall resolve the dispute in accordance with Article 19.

21.16 **Franchise Disclosure Document.** Franchisee acknowledges that it has received a copy of the complete Dog Haus Franchise Disclosure Document which contains a copy of this Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of the Franchised Restaurant, that he has been informed by Franchisor that there can be no guarantee of success in the franchised business and that Franchisee's business ability and aptitude is primary in determining his success.

21.17 **Atypical Terms.** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other Dog Haus franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement. Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all Dog Haus Franchise Agreements previously issued or issued after this Agreement by Franchisor do or will contain

terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the Effective Date with other Dog Haus franchisees in a non-uniform manner.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

AND

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Print Name

Signature

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT A
FRANCHISE INFORMATION**

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT A
FRANCHISE INFORMATION**

EFFECTIVE DATE: _____

NAME OF FRANCHISEE: _____

EXPIRATION DATE: _____

ADDRESS OF FRANCHISED LOCATION: _____

TYPE OF RESTAURANT (CHECK ONE):

_____ **DOG HAUS BIERGARTEN**

_____ **DOG HAUS FAST CASUAL RESTAURANT**

OPENING DATE: _____

PROTECTED AREA: _____

RENEWAL TERM: _____

RENEWAL TERM EXPIRATION DATE: _____

NOTICE ADDRESS FOR FRANCHISEE: _____

IN WITNESS WHEREOF, the Parties have executed this **Exhibit A** on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT B
ENTITY INFORMATION DISCLOSURE**

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT B
ENTITY INFORMATION DISCLOSURE**

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):

- ☐ corporation
- ☐ limited liability company
- ☐ general partnership
- ☐ limited partnership
- ☐ Other (specify): _____

State of incorporation/organization: _____

Franchisee entity name: _____

Federal Tax Identification Number: _____

(2) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

(3) Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The names, addresses and titles of Franchisee Owner who will be devoting their full time to the Franchised Restaurant are:

NAME	ADDRESS	TITLE

(6) The address where Franchisee's financial records and Entity Documents are maintained is:

(7) The Principal Owner is _____

(8) The General Manager is _____.

(9) Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Franchise Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the partners, shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor. In addition, Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects. Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

AND

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Print Name

Signature

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT**

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT**

The undersigned (collectively, "**Guarantors**") have requested DOG HAUS WORLDWIDE, LLC, a California limited liability company ("**Franchisor**"), to enter into a Franchise Agreement dated _____ (the "**Franchise Agreement**") with the "**Franchisee**" named in the Franchise Agreement. In consideration for, and as an inducement to, Franchisor's execution of the Franchise Agreement, Guarantors hereby grant this guarantee (this "**Guarantee**") agree as follows:

1. "**Obligations**" means and includes any and all obligations of Franchisee arising under or pursuant to the Franchise Agreement and all other obligations, whether now existing or hereafter arising, of Franchisee to Franchisor of whatever nature.
2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Franchisee to Franchisor and the performance of any and all obligations of Franchisee including, without limitation, obligations under the Franchise Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.
3. If Franchisee fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Franchise Agreement is not observed, performed or discharged as required by the Franchise Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, to observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.
4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Franchisee or any other person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisee. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Franchise Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Franchise Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Franchise Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any Assignment or transfer of the Franchise Agreement (or any of them) by Franchisor or Franchisee; (iv) the invalidity or unenforceability of any provision of the Franchise Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Franchise Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Franchisee or any other person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Franchisee's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Franchisee, any other or others; (iv) any defense arising out of any alteration of the Franchise Agreement or the Obligations; (v) notice of Franchisee's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Franchisee, Franchisor, any endorser, creditor of Franchisee or Guarantors under this or any other instrument, or any other person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Franchisee by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that those facts materially increase the risk beyond that which Guarantors intends to assume or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Franchisee. All existing or future indebtedness of Franchisee to Guarantors and any right to withdraw capital invested in Franchisee by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of (i) all rights described in California Civil Code Section 2856(a)(1) through 2856(a)(3), inclusive, including without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Franchisee's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, renewals, amendments, modifications, substitutions or replacements of the Franchise Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any Default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Franchisee or whether Franchisee is joined in any action or actions. Franchisor may maintain successive actions for other Defaults.

Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Franchisee and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Franchisee or any other person or Entity, or applying or enforcing any security of the Franchise Agreement. Guarantors acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Franchise Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter of this Guarantee and no representation, understanding, promise or condition concerning the subject matter of this Guarantee shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 20 of the Franchise Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantors' signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by the Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Guarantee would not be enforceable under the laws of California, and if the Franchised Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Paragraph 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

(Signature Page Follows)

Executed by or on behalf of Guarantors on the date set forth below.

Date: _____

Address:

Date: _____

Address:

**DOG HAUS WORLDWIDE, LLC
FRANCHISE AGREEMENT**

**EXHIBIT D
DEBIT AUTHORIZATION FORM**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)**

The undersigned franchisee/depositor ("**Depositor**") hereby (1) authorizes DOG HAUS WORLDWIDE, LLC and its affiliates ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Franchisor's instructions.

_____ Depository	_____ Branch
_____ City and State	_____ Zip Code
_____ Bank Transit /ABA Number	_____ Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Franchisor and Depositor with thirty (30) days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or forty-five (45) days after posting, whichever comes first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error, and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws. Depositor shall be responsible for all charges assessed by Depository to process all debit entries and/or credit corrections entries to the undersigned's checking and/or savings account initiated by Franchisor. Franchisor will credit Depositor for fees if error is deemed to be caused by Franchisor.

DEPOSITOR (Print Name)

By: _____

Its: _____

DEPOSITORY (Print Name)

By: _____

Its: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT B
AREA DEVELOPMENT AGREEMENT**

DOG HAUS WORLDWIDE, LLC

EXHIBIT B:

AREA DEVELOPMENT AGREEMENT

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
1. DEFINITIONS.....	1
2. EXCLUSIVE LICENSE.....	5
3. TERM.....	8
4. PAYMENTS BY AREA DEVELOPER.....	8
5. INITIAL SERVICES AND ONGOING OBLIGATIONS OF FRANCHISOR.....	8
6. OBLIGATIONS OF AREA DEVELOPER.....	9
7. DOG HAUS MARKS.....	10
8. CONFIDENTIAL INFORMATION.....	11
9. TRANSFER OF INTEREST.....	13
10. TRANSFER BY AREA DEVELOPER IN BANKRUPTCY.....	17
11. DEFAULT AND TERMINATION.....	17
12. OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	19
13. COVENANTS.....	19
14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.....	21
15. DISPUTE RESOLUTION.....	23
16. ANTI-TERRORISM LAWS.....	24
17. NOTICES.....	24
18. ACKNOWLEDGMENTS.....	25

EXHIBITS

EXHIBIT A	DEVELOPMENT INFORMATION
EXHIBIT B	ENTITY INFORMATION DISCLOSURE
EXHIBIT C	GUARANTEE OF AREA DEVELOPMENT AGREEMENT

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into as of the "Effective Date" set forth on Exhibit A, by and between DOG HAUS WORLDWIDE, LLC, a California limited liability company ("Franchisor"), on the one hand, and the individuals or Entity identified as "Area Developer" on Exhibit A, on the other hand, who are individually referred to in this Agreement as a "Party", and collectively referred to in this Agreement as "Parties", with reference to the following facts:

A. Franchisor and its predecessor and Affiliate have developed the "Dog Haus System" for the establishment and operation of fast casual restaurants that offer freshly prepared, cooked to order, high quality proprietary gourmet hot dogs, sausages and hamburgers accompanied by Franchisor's proprietary sauces and a variety of other related food products, side dishes and alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption under the trade name and service mark "Dog Haus" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Dog Haus Marks").

B. Franchisor desires to expand and develop "Dog Haus Biergarten" and/or "Dog Haus Fast Casual Restaurant" ("Dog Haus Restaurants") in the Development Area and Area Developer desires to develop, open and operate Dog Haus Restaurants in the Development Area in accordance with the terms of this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. **DEFINITIONS**

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"Affiliate" or "Affiliates" mean any person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

"Applicable Law" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of Dog Haus Restaurants that are in effect on or after the Effective Date, as they may be amended from time to time.

"Competitive Business" means any restaurant business that prepares, offers and sells gourmet hot dogs, sausages and hamburgers as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Dog Haus Restaurant.

"Constituents" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"Default" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"Development Area" means the geographic area designated on Exhibit A.

"Development Fee" means the development fee payable to Franchisor by Area Developer on the Effective Date in the amount set forth on Exhibit A.

"Development Period" means each of the time periods indicated on Exhibit A during which Area Developer shall have the right and obligation to construct, equip, Open and thereafter continue to operate Dog Haus Restaurants in accordance with the Minimum Development Obligation.

"Dog Haus Approved Suppliers" means suppliers of Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products, and ancillary services, food products, beverages, supplies, furniture, fixtures and equipment for Dog Haus Restaurants that have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services for Dog Haus Restaurants meeting Franchisor's specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be Dog Haus Approved Suppliers.

"Dog Haus Authorized Products" means all Dog Haus Branded Products, Dog Haus Proprietary Products and Non-Proprietary Products offered for sale or used at Dog Haus Restaurants, as specified by Franchisor from time to time.

"Dog Haus Biergarten" a Dog Haus Restaurant of approximately 1,800 to 2,200 square feet in size and will be required to have (i) a minimum 20 beers on tap; (ii) a minimum of 8 seats at the bar; (iii) at least one bartender on duty at all times; (iv) a minimum of 6 televisions; (v) have cable/satellite television capability with multiple control boxes, including DirectTV boxes, Dog Haus TV boxes and PC Music boxes; (vi) a patio with a minimum of 30 seats; (vii) open or enclosed kitchens, depending on the layout of the premises; (viii) extended hours of operation; (ix) glassware and a dishwasher; and (x) additional equipment. In addition, Dog Haus Biergartens may have brewery events, club affiliations, video games, ping pong tables, darts or foosball, and happy-hour pricing for food and beverages.

"Dog Haus Branded Products" means any product now existing or developed in the future that bears any of the Dog Haus Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's recipes, methods, standards and specifications, as well as novelty items such as cups, coolers, hats, t-shirts and the like.

"Dog Haus Fast Casual Restaurant" means a Dog Haus Restaurant of approximately 1,300 to 1,600 square feet and will have a limited menu, will take orders at the counter, will have communal seating, and will have a limited selection of beer and wine available for purchase.

"Dog Haus Proprietary Products" means only those food products, beverages, packaging and other products which are produced or manufactured strictly in accordance with Dog Haus Trade Secrets or that Franchisor otherwise designates as proprietary.

"Dog Haus System" means Franchisor's operating methods and business practices related to a Dog Haus Restaurant, and the relationship between Franchisor and its area developers and franchisees, including interior and exterior Dog Haus Restaurant design; other items of trade dress; specifications of equipment, fixtures, and uniforms; defined product offerings; recipes and preparation methods; Franchisor specified pricing and promotions; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Franchisor may modify the same from time to time.

"Dog Haus Trade Secrets" means proprietary and confidential information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating Dog Haus Restaurants and producing Dog Haus Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that can be shown that was already lawfully in a third party's possession before receipt from Franchisor.

"Electronic Signature" means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic

"Entity" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Area Developer is an Entity, the Entity shall conduct no business other than the development of Franchised Restaurants in the Development Area, in accordance with the Development Obligation.

"Equity" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"Expiration Date" means the fifth (5th) anniversary of the Effective Date.

"Force Majeure" means any event (i) that was reasonably unforeseeable as of the Effective Date; (ii) that is beyond the reasonable control, directly or indirectly, of a Party; (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) that causes the Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, Force Majeure shall include: (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophes); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting restaurants generally; and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy.

"Franchise Agreement" means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to develop, open and operate a single Dog Haus Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"Franchised Location" means the site of a Franchised Restaurant.

"General Release" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"Good Standing" means Area Developer is in substantial compliance with the material requirements of this Agreement, the Dog Haus Franchise Agreements, the Manuals and all other agreements then in effect between Franchisor or its Affiliates, and Area Developer, and has substantially cured each curable Default for which Franchisor has issued a notice of Default to Area Developer within the time periods set forth in Section 11.3.

"Governmental Authority" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Sales" means the total of all revenues derived from sales of any nature or kind whatsoever from the Dog Haus Restaurants during the Term, whether evidenced by cash, services, property, barter, or other means of exchange, including orders taken in or from a Dog Haus Restaurant although filled elsewhere. **"Gross Sales"** shall include the full value of drinks and snacks Area Developer provides to its employees as incident to their employment (less the value of any discounts against Gross Sales given during the month in which the drinks and snacks were provided) and all proceeds from the sale of coupons, gift certificates or vouchers. **"Gross Sales"** shall exclude the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"Initial Franchise Fee" means the initial fee that Area Developer must pay Franchisor for each Dog Haus Restaurant developed, Opened and operated by Area Developer in the Development Area in the amounts set forth on Exhibit A.

"Landlord" means the owner of a Franchised Location who enters into a Lease with Area Developer for a Franchised Location.

"Lease" means any agreement, however denominated, that allows Area Developer to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Area Developer and a Landlord.

"Manuals" means Franchisor's Operations Manuals, which may consist of one or more manuals, and any other written directive related to the Dog Haus System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"Minimum Development Obligation" means the Area Developer's right and obligation to construct, equip, Open and thereafter continue to operate at sites within the Development Area the cumulative number of Dog Haus Restaurants set forth in Exhibit A within each Development Period.

"Non-Proprietary Products" means the food and beverage products, condiments, drink ingredients, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, POS Systems, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Dog Haus Branded Products and Dog Haus Proprietary Products, that may or must be used, offered and sold at the Dog Haus Restaurants.

"Non-Traditional Venues" means a broad variety of atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings including office buildings and business complexes, arenas, stadiums and entertainment venues, health clubs and recreational facilities, beaches, parks, prisons, airports, train stations, travel plazas, toll road facilities and other transportation terminals and related facilities, educational, medical, governmental and other types of institutional facilities, restaurant-in retail locations or restaurant-in-store (for example, a cafe within a grocery store), trucks, cafeterias, casinos, food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its beverages and/or food service facilities to a master concessionaire or contract food service provider.

"Open" and "Opened" means that Area Developer has actually begun to sell food products to the public from a Dog Haus Restaurant.

"Opening Date" means the day that (i) Area Developer receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at a Dog Haus Restaurant; and (ii) Area Developer actually begins to offer Dog Haus Authorized Products for sale to the public from the Dog Haus Restaurant, whichever occurs last.

"Owner" means each of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Area Developer. If Area Developer is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Area Developer's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit C.

"Principal Owner" means the individual designated by Area Developer on Exhibit B, and accepted by Franchisor, to serve as the authorized representative of Area Developer, who shall act as Area Developer's representative in all matters with Franchisor, as Area Developer's liaison with Franchisor, the Franchisor Owners and the Owners, who shall have the authority to act on behalf of Area Developer during the Term without the participation of any other Owner, and who shall own at least ten percent (10%) of the Equity of Area Developer.

"Term" means the five (5) year period commencing on the Effective Date and ending on the Expiration Date.

"Then-Current" means the form of agreement then-currently provided by Franchisor to similarly situated prospective Dog Haus area developers and franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a Dog Haus area developer or a franchisee; (ii) the fees then-currently charged by Franchisor or its Affiliates; (iii) the then-current qualifications or financial conditions required by Franchisor for Dog Haus area developers or franchisees; or (iv) then-current appearance, design standards and equipment specifications applicable to Dog Haus Restaurants.

"Transfer Fee" means the \$17,500 fee that Area Developer must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"Venue" means any site other than a Non-Traditional Venue.

2. EXCLUSIVE LICENSE

2.1 Grant and Minimum Development Obligation. Franchisor hereby grants Area Developer, and Area Developer hereby accepts the right and obligation to use the Dog Haus Marks and the Dog Haus System to develop, open and operate the cumulative number of Dog Haus Restaurants set forth in Exhibit A in the Development Area during the Term. Except as provided in Section 2.6, Area Developer may not develop, open or operate more Dog Haus Restaurants than the number of Dog Haus Restaurants set forth on Exhibit A during the Term. Area Developer shall not subcontract, sublicense, share, divide or partition this Agreement or enter into any agreement with any third party providing for the right to develop, open or operate Dog Haus Restaurants or to use the Dog Haus Marks or the Dog Haus System and nothing in this Agreement will be construed as granting Area Developer the right to do so. The Parties shall execute Franchisor's Then-Current Franchise Agreement for each Dog Haus Restaurant to be developed, opened and operated by Area Developer under this Agreement, the form of which may differ from the form of Dog Haus Franchise Agreement attached to Franchisor's Franchise Disclosure Document (the "**Disclosure Document**") provided to Area Developer prior to the Effective Date.

2.2 Exclusive License. Except as otherwise provided in Section 2.4, the rights granted to Area Developer under this Agreement are exclusive during the Term so long as Area Developer is in Good Standing and neither Franchisor

nor any of its Affiliates shall themselves develop, open and operate, or grant third parties the right to develop, open and operate, Dog Haus Restaurants in the Development Area during the Term.

2.3 Adherence to Development Schedule. Area Developer shall satisfy the Minimum Development Obligation by Opening the number of Dog Haus Restaurants in the Development Area within each Development Period as required by the Development Schedule set forth on Exhibit A and by continuing to operate the cumulative number of Dog Haus Restaurants required by the Minimum Development Obligation. Failure to comply with the Development Schedule shall constitute a Default under this Agreement and shall entitle Franchisor to terminate this Agreement, unless the Default results from an event of Force Majeure, in which case, the deadline to Opening a Dog Haus Restaurant may be extended by Franchisor as provided in Section 2.7.

2.4 Rights Reserved by Franchisor. Except as expressly provided in Section 2.2, Franchisor expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, own and operate, and to grant franchises to third parties to develop, open and operate, Dog Haus Restaurants outside the Development Area, regardless of their proximity to the Development Area; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, including a beverage and snack or food business, other than a Competitive Business, under marks and systems different from the Dog Haus Marks and the Dog Haus System within and outside the Development Area; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Dog Haus Branded Products and Dog Haus Proprietary Products within and outside the Development Area, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) market on the Internet and use the Dog Haus Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (v) acquire, open and operate and grant licenses and franchises to third parties to develop, open and operate, other restaurants or food service businesses at any location within or outside of the Development Area regardless of their proximity to the Development Area; (vi) open or operate and to franchise or license others to open or operate Dog Haus Restaurants at any Non-Traditional Venue within and outside of the Development Area regardless of their proximity to any Dog Haus Restaurants developed or under development by Area Developer; (vii) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Dog Haus Restaurants and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (viii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at Dog Haus Restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; and (ix) engage in all other activities that this Agreement does not expressly prohibit.

2.5 Closures and Assignments. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, if, during the Term, Area Developer ceases to operate any Dog Haus Restaurant developed and Opened under this Agreement for any reason, Area Developer must develop a replacement Dog Haus Restaurant (a "**Replacement Restaurant**") to fulfill Area Developer's obligation to have Open and in operation the required number of Dog Haus Restaurants at the expiration of each Development Period. Area Developer may not, however, cease operating any Dog Haus Restaurant or obtain a Replacement Restaurant without Franchisor's prior written consent. Area Developer must Open each Replacement Restaurant within twelve (12) months after the date of the closing of the Dog Haus Restaurant that it will replace. Dog Haus Restaurants that are operating that are assigned to Affiliates of Area Developer with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Minimum Development Obligation for so long as the applicable Affiliate continues to comply with the terms of this Agreement.

2.6 Additional Development Rights. If Area Developer satisfies the Minimum Development Obligation before the Expiration Date and desires to develop, open and operate additional Dog Haus Restaurants in the Development Area, Area Developer shall have the right to extend the Term of this Agreement for an additional five (5) years on the terms and conditions set forth in this Section 2.6. If Area Developer desires to extend the Term of this Agreement for an additional five (5) years, Area Developer shall, no later than one hundred eighty (180) days prior to the Expiration Date, notify Franchisor in writing (the "**Additional Development Notice**") that Area Developer desires to do so and provide Franchisor with a proposal for the development of additional Dog Haus Restaurants in the Development Area (the "**Additional Development Obligation**"), setting forth the number of additional Dog Haus Restaurants proposed to be opened by Area Developer, the proposed development fees and the proposed opening dates for each Dog Haus Restaurant during the extended term. Franchisor may, but has no obligation to, grant Area Developer the Additional Development Rights described in this Section 2.6 in its sole and absolute discretion.

2.6.1 If the Additional Development Obligation proposed by Area Developer is unacceptable to Franchisor, or if the Parties cannot reach an agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, this Agreement shall expire on the Expiration Date. Franchisor and Area Developer shall execute Franchisor's Then-Current Franchise Agreement for each additional Dog Haus Restaurant to be developed and opened in the Development Area by Area Developer. If the Additional Development Obligation proposed by Area Developer is acceptable to Franchisor, or if the Parties reach agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, Franchisor shall deliver to Area Developer its Then-Current form of Dog Haus Area Development Agreement (the "**Additional Area Development Agreement**") setting forth the agreed upon Additional Development Obligation. Within thirty (30) days after Area Developer's receipt of the Additional Area Development Agreement, Area Developer shall execute the Additional Area Development Agreement, and return it to Franchisor. If Area Developer has so executed and returned the Additional Area Development Agreement, and has satisfied the conditions precedent set forth in Section 2.6.2, Franchisor shall execute the Additional Area Development Agreement, and return a fully executed copy to Area Developer.

2.6.2 Franchisor shall execute the Additional Area Development Agreement, if, and only if, (i) Franchisor elects to grant the Additional Development Rights to Area Developer; (ii) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of the Additional Development Notice and on the date of Franchisor signs the Additional Area Development Agreement; (iii) Area Developer has demonstrated Area Developer's Then-Current financial ability to timely implement and complete the Additional Development Obligation; (iv) Area Developer continues to operate no less than the aggregate number of Dog Haus Restaurants in the Development Area as required by the Minimum Development Obligation; (v) Area Developer has executed the Additional Area Development Agreement and delivered it to Franchisor together with the development fees and initial development fees payable to Franchisor for the Additional Development Rights; and (vi) Area Developer executes and delivers to Franchisor a General Release in a form acceptable to Franchisor.

2.7 Force Majeure. Neither Party will be in default in the performance of its obligations under this Agreement if such performance is prevented or delayed due to Force Majeure. If Area Developer is unable to meet the Minimum Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 5.4, which results in the inability of Area Developer to construct and Open the Dog Haus Restaurants as required by this Agreement, Area Developer shall provide Franchisor, within ten (10) days after the occurrence of an event that Area Developer believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Area Developer's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance

by Area Developer shall be extended by the number of days equal to the number of days that the Force Majeure exists. Area Developer shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Area Developer's progress and diligence in responding to and overcoming the event of Force Majeure.

2.8 No Rights to Use the Dog Haus Marks or Dog Haus System. This Agreement is not a Dog Haus Franchise Agreement, and does not grant Area Developer any right to use the Dog Haus Marks or the Dog Haus System or to sell or distribute any Dog Haus Authorized Products. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Area Developer's rights to use the Dog Haus Marks and the Dog Haus System will be granted to Area Developer solely under the terms of a Dog Haus Franchise Agreement.

3. TERM.

The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date. Except as provided in Section 2.6, this Agreement is not renewable.

4. PAYMENTS BY AREA DEVELOPER.

4.1 Development Fee. On the Effective Date, Area Developer shall pay Franchisor a Development Fee to for the rights granted to Area Developer under this Agreement by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Development Fee is fully earned by Franchisor when paid and is nonrefundable, in whole or in part, under any circumstances.

4.2 Initial Franchise Fees. Area Developer shall pay Franchisor an Initial Franchise Fee for each Dog Haus Restaurant to be operated under this Agreement. Area Developer shall pay Franchisor the Initial Franchise Fee for the first Dog Haus Restaurant to be operated under this Agreement in full on the Effective Date by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Initial Franchise Fee for each additional Dog Haus Restaurant shall be payable upon execution by Area Developer of each Franchise Agreement entered into for a Dog Haus Restaurant under this Agreement. The Initial Franchise Fee for each Dog Haus Restaurant is fully earned by Franchisor when paid and is non-refundable, in whole or in part, under any circumstances.

5. INITIAL SERVICES AND ONGOING OBLIGATIONS OF FRANCHISOR

5.1 Limited Obligations. Area Developer acknowledges and agrees that Franchisor's obligations under this Agreement are limited to identifying the Development Area and that Franchisor has no ongoing obligations for training or operational support for Area Developer under this Agreement. All initial and continuing obligations of Franchisor to Area Developer shall be provided by Franchisor under Franchisor's Then-Current Franchise Agreement for each Dog Haus Restaurant to be developed and opened in the Development Area by Area Developer.

5.2 Franchised Locations. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to diligently identify proposed sites for the Dog Haus Restaurants. When Area Developer identifies a proposed site for a Dog Haus Restaurant, Area Developer shall submit to Franchisor all demographic and other information regarding the proposed site and neighboring areas that Franchisor shall require, in the form prescribed by Franchisor, and shall request Franchisor to consider and approve the site. If Franchisor accepts a proposed site, Franchisor shall notify Area Developer of its acceptance of the Franchised Location. Area Developer acknowledges and agrees that it is Area Developer's sole responsibility to identify and obtain each Franchised Location for the Dog Haus Restaurants to be developed under this Agreement. Area Developer further acknowledges and agrees that it is Area Developer's sole responsibility to review and approve each Lease or purchase agreement for each Dog Haus Restaurant to be

developed under this Agreement. Each Lease shall comply with the requirements set forth in Sections 5.1 and 5.2 of Franchisor's current Franchise Agreement. Following Franchisor's approval of a Franchised Location, Area Developer shall execute Franchisor's Then-Current Franchise Agreement for the Dog Haus Restaurant to be located at a Franchised Location and return it to Franchisor within thirty (30) days after receipt of the execution copies of the Then-Current Franchise Agreement together with the applicable Initial Franchise Fee. If Area Developer has executed and returned the signed Then-Current Franchise Agreement and paid Franchisor the Initial Franchise Fee, Franchisor shall execute the Franchise Agreement and return one (1) fully executed copy of the Franchise Agreement to Area Developer.

5.3 Conditions to Franchisor's Obligations. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Area Developer acknowledges and agrees that, as a condition precedent to Area Developer's right to develop each Dog Haus Restaurant, all of the following conditions precedent must be satisfied and Franchisor shall execute a Then-Current Franchise Agreement for each Dog Haus Restaurant if, and only if (i) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of Franchisor's execution of a Franchise Agreement; (ii) Area Developer demonstrates Area Developer's Then-Current financial ability to implement and complete the construction and Opening of the Dog Haus Restaurant; (iii) Area Developer has Opened and continues to operate no less than the aggregate number of Dog Haus Restaurants required by the Minimum Development Obligation in compliance with the Development Schedule; (iv) Area Developer has executed a Then-Current Franchise Agreement and delivered it to Franchisor; (v) Area Developer executes and delivers a General Release to Franchisor in a form acceptable to Franchisor; and (vi) Area Developer has paid Franchisor the Initial Franchise Fee when Area Developer executed the Franchise Agreement and returned it to Franchisor.

6. OBLIGATIONS OF AREA DEVELOPER

To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same:

6.1 Development and Operation of Dog Haus Restaurants. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to faithfully, honestly and diligently develop, own and operate the number of Dog Haus Restaurants in the Development Area in order to satisfy the Minimum Development Obligation and the Development Schedule in accordance with the requirements of this Agreement and each Franchise Agreement for each Dog Haus Restaurant.

6.2 Dog Haus System. Area Developer shall operate the Dog Haus Restaurants in compliance with the terms of the Franchise Agreements and the Manuals. Area Developer acknowledges and agrees that Area Developer alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Restaurants, including over Area Developer's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Area Developer further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Dog Haus System that Area Developer must comply with under the Franchise Agreements, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Dog Haus Restaurants, which Area Developer alone controls, but only constitute standards to which Area Developer must adhere when exercising Area Developer's control over the day-to-day operations of the Dog Haus Restaurants consistent with the policies of Franchisor. Area Developer shall comply with each Franchise Agreement and shall develop and operate the Dog Haus Restaurants in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Since every detail of the Dog Haus System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services sold by Dog Haus Restaurants under the Dog Haus System and to protect the Dog Haus Marks and Franchisor's reputation and

goodwill, Franchisor shall have the right to disapprove, as it believes necessary, any modification of, or addition to, the Dog Haus System suggested by Area Developer that is reasonably likely to have an adverse material effect on the Dog Haus System, the Dog Haus Marks or Franchisor's reputation or goodwill.

7. DOG HAUS MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the Dog Haus Marks in order to identify for the public the source of services and products marketed under the Dog Haus Marks and the Dog Haus System, and to represent the Dog Haus System's high standards of quality, appearance and service. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same:

7.1 Ownership and Goodwill of Dog Haus Marks. Area Developer acknowledges that its right to use the Dog Haus Marks is derived solely from this Agreement and is limited to use in operating as Area Developer pursuant to and in compliance with this Agreement and as an Dog Haus Area Developer pursuant to the Dog Haus Franchise Agreements between Area Developer and Franchisor. Any unauthorized use of the Dog Haus Marks by Area Developer shall constitute a Default under this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the Dog Haus Marks. Area Developer acknowledges and agrees that as between Franchisor and Area Developer (i) Franchisor owns the Dog Haus Marks and the Dog Haus System; (ii) Area Developer owns no goodwill or rights in the Dog Haus Marks or the Dog Haus System except for the license granted by this Agreement; and (iii) Area Developer's use of the Dog Haus Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Area Developer agrees not to contest, or assist any other person to contest, the validity of Franchisor's rights and interest in the Dog Haus Marks or the Dog Haus System either during the Term or after this Agreement terminates or expires.

7.2 Limitations on Use. Area Developer shall not use any Dog Haus Mark (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Area Developer under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Franchisor. Area Developer shall give all notices of trademark and service mark registration as Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under applicable law. Area Developer further agrees that no service mark other than "Dog Haus" or other Dog Haus Marks specified by Franchisor shall be used in marketing, promoting, or operating the Dog Haus Restaurants.

7.3 Modifications. Franchisor reserves the right to (i) modify or discontinue licensing any of the Dog Haus Marks; (ii) add new names, marks, designs, logos or commercial symbols to the Dog Haus Marks and require that Area Developer use them; and (iii) require that Area Developer introduce or observe new practices as part of the Dog Haus System in operating the Dog Haus Restaurants. Area Developer acknowledges and agrees that the term Dog Haus Marks means the specific names, marks, designs, logos or commercial symbols licensed by Franchisor at any given point in time, subject to Franchisor's right to impose changes. Area Developer shall comply, at Area Developer's sole expense, with Franchisor's directions regarding changes in the Dog Haus Marks and Dog Haus System within a reasonable time after written notice from Franchisor. Franchisor shall have no liability to Area Developer for any cost, expense, loss or damage that Area Developer incurs in complying with Franchisor's directions and conforming to required changes.

7.4 Defense of Dog Haus Marks and Dog Haus System. Franchisor shall have the sole right to handle disputes with Area Developers and third parties concerning Franchisor's or Franchisor's Affiliates' ownership of, rights in, or Area Developer's use of, the Dog Haus Marks or the Dog Haus System. Area Developer shall immediately notify Franchisor in writing if Area Developer receives notice, or is informed, of any: (i) improper use of any of the Dog

Haus Marks or elements of the Dog Haus System, including misuse by Area Developers; (ii) use by any third party of any mark, design, logo or commercial symbol which, in Area Developer's judgment, may be confusingly similar to any of the Dog Haus Marks; (iii) use by any third party of any business practice which, in Area Developer's judgment, unfairly simulates the Dog Haus System in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against Area Developer based upon Area Developer's use of the Dog Haus Marks or the Dog Haus System. Franchisor and Franchisor's Affiliate shall have sole discretion to take all action as it/they deem appropriate, including, without limitation, to take no action, and the sole right to control any legal proceeding or negotiation arising out of any infringement, challenge or claim or otherwise relating to the Dog Haus Marks or the Dog Haus System. Area Developer shall not settle or compromise any claim, suit or demand asserted against it and agrees to be bound by Franchisor's decisions in handling disputes regarding the Dog Haus Marks and the Dog Haus System. Area Developer shall cooperate fully with Franchisor and execute all documents and perform all actions as may, in Franchisor's judgment, be necessary, appropriate or advisable in the defense of all claims, suits or demands and to protect and maintain Franchisor's rights in the Dog Haus Marks and the Dog Haus System. Unless it is established that a third party claim asserted against Area Developer is based directly upon Area Developer's misuse of the Dog Haus Marks or the Dog Haus System, Franchisor agrees to defend Area Developer against the third party claim and indemnify Area Developer for any losses resulting therefore, provided Area Developer has notified Franchisor as soon as practical after learning of the claim and fully cooperates in the defense of the action. Because Franchisor will defend the third party claim, Area Developer is not entitled to be reimbursed for legal or other professional fees or costs paid to independent legal counsel or others in connection with the matter. Area Developer has no right, independent of Franchisor, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Dog Haus Marks.

7.5 **Internet.** Area Developer shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, web site, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Dog Haus Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Area Developer shall not separately register any domain name or any portion of any domain name containing the Dog Haus Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the Dog Haus Marks without Franchisor's prior written consent. Area Developer's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Area Developer commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Area Developer.

8. **CONFIDENTIAL INFORMATION**

8.1 **Dog Haus Confidential Information.** Area Developer acknowledges and agrees that the Dog Haus System is comprised of confidential information that has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes Dog Haus Trade Secrets, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, recipes, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished

financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of the Dog Haus Restaurant which may be communicated to Area Developer, or of which Area Developer may be apprised under the terms of this Agreement, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the "**Dog Haus Confidential Information**"). Dog Haus Confidential Information does not include any information that was in the lawful and unrestricted possession of Area Developer prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Area Developer after receiving it; has been received lawfully and in good faith by Area Developer from a third party who did not derive it from Franchisor or Area Developer; or is shown by acceptable evidence to have been independently developed by Area Developer.

8.2 **Value.** Area Developer acknowledges and agrees the Dog Haus Confidential Information is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Area Developer; derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor, its franchisees or Area Developer; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Dog Haus Confidential Information, including, without limitation (i) not revealing the Dog Haus Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Dog Haus Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Dog Haus Confidential Information; (iv) monitoring electronic access to the Dog Haus Confidential Information by the use of passwords and other restrictions so that electronic access to the Dog Haus Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Dog Haus Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements.

8.3 **Maintain Confidentiality.** To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Area Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or Dog Haus Confidential Information. Area Developer shall divulge such Dog Haus Confidential Information only to its supervisory or managerial personnel who must have access to it in order to perform their employment responsibilities.

8.4 **Irreparable Injury from Disclosure of Dog Haus Confidential Information.** Area Developer acknowledges that failure to comply with the requirements of this Article 8 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 8.

8.5 **Confidentiality Covenants from Individuals Associated with Area Developer.** Area Developer shall require any supervisory or managerial personnel who may have access to any Dog Haus Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the Dog Haus Confidential Information they receive in connection with their association with Area Developer. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

9. **TRANSFER OF INTEREST**

9.1 **Transfer by Franchisor.**

9.1.1 Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent or approval of Area Developer. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, the Dog Haus Marks, or the Dog Haus System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring (collectively, a "Capital Event"), all without the consent or approval of Area Developer.

9.1.2 Upon the occurrence of a Capital Event, Franchisor shall have the right (the "Take-Along Right") to compel Area Developer to sell and, in such event, Area Developer shall sell the assets of any or all of the Dog Haus Restaurants, regardless of whether such Dog Haus Restaurants are under construction or are Open and operating (collectively the "Take-Along Assets") at the same value attributable to Dog Haus Restaurants owned and operated by Franchisor or its Affiliates at the closing of a Capital Event. Franchisor shall exercise this Take-Along Right to compel the sale of the Take-Along Assets by Area Developer by providing Area Developer with written notice (the "Take-Along Notice") setting forth the time and place of the closing of the Capital Event, which time and place shall not be less than thirty (30) days after the date of the Take-Along Notice, and the expected price and form of consideration to be paid for the Take-Along Assets at the closing.

9.2 **Assignment by Area Developer.** Area Developer acknowledges and agrees that the rights granted to Area Developer under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Area Developer and, if Area Developer is an Entity, that of the Owners. Accordingly, to protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, Area Developer shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Area Developer acknowledges and agrees that Area Developer has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly, (i) any interest in this Agreement; or (ii) the right to use the Dog Haus System or the Dog Haus Marks granted pursuant to this Agreement (an "Assignment") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Area Developer satisfies the conditions to the Assignment identified in this Agreement.

9.2.1 Unless the Parties otherwise agree in writing, Area Developer shall not make any Assignment of this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all Dog Haus Restaurants then owned and operated by Area Developer in the Development Area. As a condition to Franchisor's consent to such an Assignment, the assignee must execute Franchisor's Then-Current form of Franchise Agreement

for each Dog Haus Restaurant sold to the assignee. Further, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion (i) Area Developer shall not offer for sale or transfer at public or private auction any of the rights of Area Developer under this Agreement; and (ii) Area Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Area Developer shall provide not less than ten (10) days' prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

9.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Area Developer pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the equity or voting power of Area Developer, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Area Developer; (iv) the issuance of any securities by Area Developer which itself or in combination with any other transactions results in the Owners, as constituted on the Execution Date, owning less than forty percent (40%) of the outstanding Equity or voting power of Area Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Area Developer, however effected. Area Developer shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Area Developer Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "Assignment" as defined under this Article 9.

9.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Area Developer of all of Area Developer's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "Qualified Assignment"). Any attempted or purported Assignment which fails to comply with the requirements of this Article 9 shall be null and void and shall constitute a Default under this Agreement.

9.3. **Right of First Refusal.** Except with respect to a "Qualified Assignment", if Area Developer or an Owner receive a bona fide written offer ("Third Party Offer") from a third party (the "Proposed Buyer") to purchase or otherwise acquire any interest in Area Developer which will result in an Assignment within the meaning of this Agreement, Area Developer or the Proposed Buyer, shall, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to all of the Dog Haus Restaurants then owned and operated by Area Developer in the Development Area.

9.3.1 Area Developer, or the Proposed Buyer, shall attach to its application for consent to complete the transfer a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement; and (iii) any other information material to the Third Party Offer, proposed transferee and proposed assignment or that Franchisor requests.

9.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("Purchase Notice") given to Area Developer or the Proposed Buyer, within thirty (30) days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Area Developer or the Proposed Buyer that it will purchase or acquire the rights, assets, equity or interests proposed to be assigned on the same terms and conditions

set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price the amount of all amounts then due and owing from Area Developer to Franchisor under this Agreement or otherwise.

9.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

9.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Area Developer. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 9.3.

9.4 **Conditions of Assignment to Third Party.** As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

9.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new Dog Haus Area Developers, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

9.4.2 Area Developer must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

9.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Area Developer or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

9.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Area Development Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects. In exchange for signing the Then-Current Area Development Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement, as modified by the terms of the Then-Current form of Area Development Agreement. If Franchisor is not offering new area development franchises, is in the process of revising, amending or renewing Franchisor's form of Area Development Agreement or Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Area Development Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the term of this Agreement on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Area Development Agreement.

9.4.5 Area Developer will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of Dog Haus Confidential Information.

9.4.6 Area Developer and the Proposed Buyer shall execute a General Release in a form acceptable to Franchisor.

9.4.7 Area Developer shall pay Franchisor the Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

9.4.8 Area Developer must simultaneously transfer its rights all contracts for which continuation is necessary for operation of the Dog Haus Restaurants to the Proposed Buyer and satisfy any separate conditions to obtain any third party consents required for the transfer of Area Developer's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained. If the Proposed Buyer is a corporation, limited liability company or other business Entity, each person who at the time of the Assignment, or later, owns or acquires, either legally or beneficially, twenty percent (20%) or more of the equity or voting interests of the Proposed Buyer must execute a Guarantee in a form acceptable to Franchisor.

9.4.9 Area Developer's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Area Developer and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Area Developer only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

9.4.10 Except when the transferee is an existing Area Developer or franchisee of Franchisor, the Proposed Buyer, and a supervisory or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the Dog Haus Restaurants who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Program prior to the effective date of the Assignment.

9.4.11 The Proposed Buyer must conform the Dog Haus Restaurants with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new Dog Haus Restaurants.

9.4.12 Area Developer must sign a guarantee personally guaranteeing the Proposed Buyer's obligations under the new Area Development Agreement in favor of Franchisor.

9.5 **Death or Incapacity.** In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated person, or the remaining shareholders, members, partners or owners (the "Successor") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated person; or (ii) complete an Assignment of the interest of the deceased or incapacitated person to a qualified, approved third party, subject to the provisions of this Article 9. If a Successor has not purchased the interest of the deceased or incapacitated person or completed an Assignment of the interest of the deceased or incapacitated person to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

9.6 Restriction on Publicly Traded and Private Securities. Securities, partnership or other ownership interests in Area Developer may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for

such review prior to their use. No offering by Area Developer shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Area Developer or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Area Developer and Franchisor, and its Affiliates. Franchisor may, at its option, require Area Developer's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Area Developer, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Area Developer shall pay to Franchisor a non-refundable fee of \$10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 9.

10. TRANSFER BY AREA DEVELOPER IN BANKRUPTCY

If, for any reason, this Agreement is not terminated pursuant to Section 11.1 and this Agreement is assumed, or Assignment of the same to any person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Area Developer out of the consideration to be paid by the assignee for the Assignment of this Agreement.

11. DEFAULT AND TERMINATION

11.1 Termination On Area Developer's Bankruptcy or Insolvency. Area Developer shall be deemed to be in Default under this Agreement, and all rights granted to Area Developer of this Agreement shall automatically terminate without notice to Area Developer, (i) if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed under the United States Bankruptcy Act by Area Developer or such a petition is filed against and not opposed by Area Developer; (iii) if Area Developer is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for any Dog Haus Restaurant is filed and consented to by Area Developer; (v) if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Area Developer; (vii) if a final judgment in excess of \$100,000 against any Dog Haus Restaurants remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Area Developer admits Area Developer is unable to generally pay Area Developer's debts as they become due; (ix) if execution is levied against any Dog Haus Restaurant or property; (x) if suit to foreclose any lien or mortgage against any Dog Haus Restaurant or the equipment of any Dog Haus Restaurant is instituted against

Area Developer and not dismissed within thirty (30) days; or (xi) if any Dog Haus Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 Termination With Notice and Without Opportunity to Cure. Area Developer shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Developer any opportunity to cure the Default, effective immediately upon receipt of notice by Area Developer: (i) if Area Developer or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the Dog Haus System, the Dog Haus Marks, the goodwill associated therewith, or Franchisor's interest therein; (ii) if Area Developer fails to comply with the Development Schedule; (iii) if any of the Franchise Agreements or any other agreement between Area Developer and Franchisor or its Affiliates are terminated due to a Default by Area Developer; (iv) if any purported assignment or transfer of any direct or indirect interest in this Agreement, in the Dog Haus Restaurants, or in all or substantially all of Area Developer's assets is made to any third party by Area Developer or an Owner without Franchisor's prior written consent; (v) if any transfer of the equity ownership interests of Area Developer or an Owner is made to any third party without Franchisor's prior written consent; (vi) if Area Developer or an Owner discloses or divulges the contents of Franchisor's Manuals, Dog Haus Trade Secrets or other Dog Haus Confidential Information provided to Area Developer by Franchisor; (vii) if an approved Assignment, as required by Section 9.5, is not effected within the time provided following death or incapacity of an Owner; (viii) if Area Developer or an Owner fails to comply with the covenants in Article 13 or fails to obtain execution of and deliver the covenants required under Section 13.7; (ix) if Area Developer or an Owner has made any material misrepresentations in connection with their application to Franchisor for the development rights granted by this Agreement; (x) if Area Developer or an Owner, after curing a Default pursuant to Section 11.3, commits the same, similar, or different Default, whether or not cured after notice; (xi) if any Owner fails or refuses to deliver to Franchisor, within ten (10) days after Franchisor's written request, a Guarantee in substantially the form attached to this Agreement as Exhibit C and current financial statements as may from time to time be requested by Franchisor; (xii) if Area Developer, an Owner or an Affiliate fails to comply with any or all of the terms of this Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer or an Owner beyond the applicable cure period; or (xiii) upon a Default of Area Developer's obligations under this Agreement or any other agreement between Area Developer and Franchisor, which by its nature is not capable of being cured by Area Developer.

11.3 Termination With Notice and Opportunity to Cure. Except as provided in Section 11.1 and Section 11.2, Area Developer shall have thirty (30) days after its receipt of written notice from Franchisor within which to remedy any Default under this Agreement and to provide evidence thereof to Franchisor. If any such Default is not cured within the specified time, or such longer period as Applicable Law may require, this Agreement shall terminate without further notice to Area Developer effective immediately upon expiration of the thirty (30) day period or such longer period as Applicable Law may require. Area Developer shall be in Default pursuant to this Section 11.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or for failure to carry out the terms of this Agreement in good faith.

11.4 Options At Termination. Upon any Default under Sections 11.2 or 11.3, Franchisor may immediately take any one or more of the following actions, by written notice to Area Developer: (i) terminate this Agreement and all rights granted to Area Developer under this Agreement; (ii) accelerate or decelerate the Development Schedule; (iii) reduce the Minimum Development Obligation; (iv) eliminate or diminish Area Developer's rights with respect to the Development Area or the size of the Development Area; or (v) increase the fees to be paid by Area Developer to Franchisor.

11.5 **Cross-Default.** Any Default by Area Developer under the terms and conditions of this Agreement, any Franchise Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer, shall be deemed to be a Default of each and every other such agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its Affiliates, and Area Developer, Franchisor may, at its option, terminate any or all of such other agreements.

12. **OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Area Developer shall forthwith terminate, and the following provisions shall apply:

12.1 **No Right to Open Additional Restaurants.** To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, upon termination or expiration of this Agreement: (i) Area Developer shall have no further right to develop any Dog Haus Restaurants; (ii) Area Developer shall have no further rights or obligations under this Agreement or the Dog Haus Franchise Agreements that were terminated; (iii) Area Developer shall have the right to continue to own and operate all Dog Haus Restaurants Opened by Area Developer prior to the termination date under Franchise Agreements with Franchisor that remain in full force and effect on the termination date; and (iv) Franchisor may thereafter develop, open and operate, and grant franchises to third parties to develop, open and operate Dog Haus Restaurants at any location within or outside of the Development Area, without restriction.

12.2 **Payment of Monies Due.** Upon expiration or termination of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its Affiliates. If this Agreement is terminated because of a Default by Area Developer, such sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor as a result of the Default. Franchisor shall have the right to set-off any amounts which Franchisor deems are payable to Franchisor by Area Developer.

12.3 **Return of Materials and Information.** Upon termination or expiration of this Agreement, Area Developer shall immediately deliver to Franchisor the Manuals and all other records, files, and any instructions containing Dog Haus Confidential Information which are in Area Developer's possession and all copies thereof (all of which are acknowledged to be the property of Franchisor).

13. **COVENANTS**

13.1 **No Prior Experience, Information or Knowledge.** Area Developer specifically acknowledges and agrees that prior to becoming an area developer of Franchisor, Area Developer had no experience, information or knowledge whatsoever about restaurants that offer freshly prepared, cooked to order, high quality gourmet hot dogs, sausages and hamburgers or a Dog Haus Restaurant and that Area Developer's knowledge of the Dog Haus Confidential Information was obtained solely from Franchisor, following Area Developer's training by Franchisor and Area Developer's subsequent operation of the Dog Haus Restaurant under the Franchise Agreement. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and Dog Haus Confidential Information, including, without limitation, Dog Haus Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Dog Haus System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

13.2 **Non-Competition During Term of Agreement.** Area Developer and each Owner covenants that during the Term, except as otherwise approved in writing by Franchisor, Area Developer and each Owner shall not, either

directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity (i) divert or attempt to divert any present or prospective Dog Haus customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Dog Haus Marks and the Dog Haus System; (ii) employ or seek to employ any person who is or has been within the preceding ninety (90) days employed by Franchisor or an Affiliate of Franchisor as a supervisory or managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment; or (iii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 13.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer.

13.3 Non-Competition After Expiration or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) an Assignment permitted under Article 9; (ii) the Expiration Date of this Agreement; (iii) the termination of this Agreement (regardless of the cause for termination); or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 13.3, and continuing for an uninterrupted period of two (2) years thereafter, Area Developer and each Owner shall not, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business located at a location designated as a "Franchised Location" in a Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, except in accordance with the terms of an effective Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, or any location within a two (2) mile radius of any Dog Haus Restaurant or a Franchised Location as defined above; provided, however, the restrictions stated in this Section 13.3 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer in the Development Area.

13.4 Exceptions to Non-Compete Covenants. Sections 13.2 and 13.3 shall not apply to ownership by Area Developer or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

13.5 Reducing Scope of Covenants. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 13.2 and Section 13.3, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.6 Enforceability of Covenants Not Affected by Area Developer Claims. The existence of any claims Area Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 13. Area Developer shall pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 13.

13.7 Covenants from Individuals. Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 13 (including covenants applicable upon the termination of a person's relationship with Area Developer) from all Owners. Every covenant required by this Section 13.7 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

13.8 **Breach of Covenants Causes Irreparable Injury.** Area Developer acknowledges that the violation of any covenant in this Article 13 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

13.9 **Effect of Applicable Law.** In the event any portion of the covenants in this Article 13 violates laws affecting Area Developer, or is held invalid or unenforceable in a final judgment to which Franchisor and Area Developer are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Area Developer. The provisions of this Article 13 shall be in addition to and not in lieu of any other confidentiality obligation of Area Developer, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

13.10 **Survival.** The provisions of this Article 13 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the Dog Haus Marks, the Dog Haus System, the Dog Haus Confidential Information, the Dog Haus Trade Secrets, or any other proprietary aspects of Franchisor's business.

14. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 **No Fiduciary Relationship.** This Agreement does not create a fiduciary relationship between the Parties. Area Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

14.2 **Public Notice of Independent Status.** Area Developer shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Area Developer of Franchisor, and shall place such notice of independent ownership on all forms. Franchisor shall have the right to specify the language of any such notice.

14.3 **Independent Contractor.** Area Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Area Developer in its conduct of the operation of the Dog Haus Restaurants or for any claim or judgment arising therefrom against Area Developer or Franchisor.

14.4 **Indemnification.** Area Developer and its Owners and Affiliates (collectively, the "**Indemnitors**") shall indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "**Indemnitees**"), from any and all "**Losses and Expenses**" incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof (collectively, an "**Indemnifiable Claim**") which arises directly or indirectly from, as a result of, or in connection with Area Developer's operation of a Dog Haus Restaurant and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Area Developer; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 14.4 shall extend to any finding of comparative negligence or contributory negligence

attributable to Area Developer). For the purpose of this Section 14.4, the term "**Losses and Expenses**" means and include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to a Party's reputation and goodwill, and all other costs associated with any of the foregoing Losses and Expenses.

14.4.1 The Indemnitees shall give the Indemnitors prompt notice of any Indemnifiable Claim of which the Indemnitees are aware for which indemnification is required under this Section 14.4. The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against the Indemnitees (a "**Third Party Claim**") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against the Indemnitees (a "**Direct Claim**"); and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known. If, through the fault of the Indemnitees, the Indemnitors do not receive notice of any Indemnifiable Claim in time to effectively contest the determination of any Losses and Expenses susceptible of being contested, the Indemnitors shall be entitled to set off against the amount claimed by the Indemnitees the amount of any Losses and Expenses incurred by the Indemnitors resulting from the Indemnitees' failure to give such notice on a timely basis.

14.4.2 With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume such control shall be made within thirty (30) days after the Indemnitors' receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement or defenses of the Third Party Claim and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless the Indemnitors consent to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the Indemnitees are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitees by the same counsel would be appropriate because of the absence of any actual or potential differing interests between them (such as the availability of different defenses).

14.4.3 If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time, the Indemnitees shall be entitled to assume control and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make such payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

14.4.4 If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees, which consent shall not be unreasonably withheld or delayed. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they become available).

14.4.5 With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make such investigation of the Direct Claim as is considered necessary

or desirable. For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Article 15.

14.4.6 The Indemnitees shall exert commercially reasonable efforts to mitigate the Losses and Expenses upon and after becoming aware of any Indemnifiable Claim which could reasonably be expected to give rise to the payment of Losses and Expenses.

15. DISPUTE RESOLUTION

15.1 Mediation. The Parties pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association unless Franchisor and Area Developer agree on alternative rules and a mediator within fifteen (15) days after either Party first gives notice of mediation. Mediation shall be conducted in Los Angeles County, California, and shall be conducted and completed within forty-five (45) days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Area Developer. The fees and expenses of the mediator shall be shared equally by Franchisor and Area Developer. The mediator shall be disqualified as a witness, expert or counsel for any Party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Area Developer shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, any Party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party attorneys' fees in any subsequent legal action. If any Dispute remains unresolved ninety (90) days after a demand for mediation by either Party, Franchisor and Area Developer shall each be free to pursue their respective legal remedies under Section 15.2.

15.2 Judicial Relief. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Dog Haus Restaurants are located outside of California and such provision would be enforceable under the laws of the state in which the Dog Haus Restaurants are located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 15.2 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

15.3 Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or a Default under this Agreement must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one year after the act, event, occurrence

or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Area Developer, for themselves, and for and on behalf of the Franchisor Owners and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Area Developer shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 15.5.

15.4 Specific Performance. Franchisor and Area Developer acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Area Developer agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Area Developer further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Area Developer might otherwise have.

15.5 Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a Court.

15.6 Exclusive Remedy. In no event shall either Party make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any such claim for damages. Neither Party may claim any such damages by way of setoff, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

15.7 Exceptions to Mediation. The mediation provision in Section 15.1 shall not apply to any action for injunctive or other provisional relief, including, without limitation, enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Area Developer to comply with Area Developer's obligations to Franchisor and/or to protect the Dog Haus Marks. Any claim or dispute involving or contesting the validity of any of the Dog Haus Marks shall not be subject to mediation.

16. ANTI-TERRORISM LAWS

Area Developer shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**"). In connection with its compliance, Area Developer certifies, represents and warrants that none of Area Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Developer is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Area Developer or Area Developer's employees or any "blocking" of Area Developer's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Area Developer has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 11.2.

17. NOTICES

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business

days after delivery by the Party giving the notice; statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if telephonic confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

Dog Haus Worldwide, LLC
22 Central Court
Pasadena, California 91105
Attention: Erik Hartung

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764

Notices to Area Developer:

See Exhibit A

Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

18. ACKNOWLEDGMENTS

18.1 Waiver and Delay. No waiver by Franchisor of any Default, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Area Developer's obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

18.2 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

18.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and its or their

respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

18.4 Joint and Several Liability. If Area Developer consists of more than one Owner, the obligations and liabilities of each person or Entity to Franchisor are joint and several.

18.5 Entire Agreement. This Agreement and the Exhibits contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement and Area Developer agrees that it has executed this Agreement without reliance upon any representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document previously furnished to Area Developer.

18.6 Titles and Recitals. Article and 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. The Recitals set forth in Recitals A and B of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

18.7 Gender and Construction. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Area Developer that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the Dog Haus System, the Dog Haus Marks, the Dog Haus Trade Secrets and the goodwill associated with the same, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. Franchisor and Area Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

18.8 Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise

unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

18.9 **Counterparts and Electronic Transmission.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

18.10 **Electronic Execution and Copies.** This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (collectively, "electronic"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Area Developer acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

18.11 **Time of the Essence.** Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

18.12 **Intent to Comply.** Area Developer has read this Agreement and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and the uniformity of those standards at all Dog Haus Restaurants in order to protect and preserve the Dog Haus System and the goodwill of the Dog Haus Marks. Area Developer, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply with the terms of this Agreement and be bound by the terms of this Agreement. Franchisor expressly disclaims making, and Area Developer acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

18.13 **Independent Investigation.** Area Developer has conducted an independent investigation of the business contemplated by this Agreement. Area Developer recognizes that the Dog Haus System may evolve and change over time, that an investment in this franchise involves business risks, and that the success of the investment depends upon Area Developer's business ability and efforts.

18.14 **Counsel**. The Parties acknowledge and agree that each Party has been represented by independent legal counsel their choice in connection with this Agreement or has had the opportunity to have legal counsel review this Agreement and advise the Party regarding the same, but has voluntarily chosen not to do so.

18.15 **Reliance**. Area Developer has not received or relied upon any promise or guarantee, express or implied, about the revenues, profits or success of the business venture contemplated by this Agreement.

18.16 **No Representations**. No representations have been made by Franchisor or its Affiliates or their respective officers, directors, shareholders, employees or agents that are contrary to the terms contained in this Agreement. Area Developer shall remain duly organized and in Good Standing for as long as this Agreement is in effect.

18.17 **Atypical Arrangements**. Area Developer acknowledges and agrees that Franchisor may modify the offer of its franchises to other Dog Haus area developers and franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions, and obligations in this Agreement. Area Developer further acknowledges and agrees that Franchisor has made no warranty or representation that area development agreements or franchise agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other Dog Haus area developers and franchisees in a non-uniform manner.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

AREA DEVELOPER:

**(IF AREA DEVELOPER IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

OR

(IF AREA DEVELOPER IS AN INDIVIDUAL):

Print Name

Signature

Print Name

Signature

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT A
DEVELOPMENT INFORMATION**

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT A
DEVELOPMENT INFORMATION**

EFFECTIVE DATE: _____

AREA DEVELOPER: _____

The **DEVELOPMENT AREA** is defined as the territory within the boundaries described below:

If the Development Area is defined by streets, highways, freeways or other roadways then the boundary of the Development Area shall extend to the center line of each street, highway, freeway or other roadway.

MINIMUM DEVELOPMENT OBLIGATION: _____ Dog Haus Restaurants.

TYPE OF DOG HAUS RESTAURANT (CHECK ONE):

_____ **DOG HAUS BIERGARTEN (NUMBER _____)**

_____ **DOG HAUS FAST CASUAL RESTAURANT (NUMBER _____)**

DEVELOPMENT SCHEDULE:

DEVELOPMENT PERIOD ENDING	CUMULATIVE NUMBER OF DOG HAUS RESTAURANTS TO BE IN OPERATION
TOTAL	

DEVELOPMENT FEE: \$ _____ (@\$10,000 for each Restaurant (except for Restaurant #1)).

DEVELOPMENT FEE CREDIT: \$ _____ (@\$7,500 for each Restaurant (except for Restaurant #1))

INITIAL FRANCHISE FEE: \$35,000 for the first Dog Haus Restaurant; \$25,000 for each subsequent Dog Haus Restaurant.

NOTICE ADDRESS FOR AREA DEVELOPER: _____

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

AREA DEVELOPER:

(IF AREA DEVELOPER IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

OR

(IF AREA DEVELOPER IS AN INDIVIDUAL):

Print Name

Signature

Print Name

Signature

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT B
ENTITY INFORMATION DISCLOSURE**

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT B
ENTITY INFORMATION DISCLOSURE**

Area Developer represents and warrants that the following information is accurate and complete in all material respects:

(1) Area Developer is a (check as applicable):

- ☐ corporation
- ☐ limited liability company
- ☐ general partnership
- ☐ limited partnership
- ☐ Other (specify): _____

State of incorporation/organization: _____

Area Developer name: _____

Federal Tax Identification Number: _____

(2) Area Developer shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

(3) Area Developer promptly shall provide all additional information as Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Area Developer.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The names, addresses and titles of the Owners who will be devoting their full time to the development of Dog Haus Restaurants are:

NAME	ADDRESS	TITLE

(6) The address where Area Developer's financial records and Entity Documents are maintained is:

(7) The Principal Owner is _____

(8) Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Development Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer. In addition, Area Developer shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects. Franchisor grants Area Developer the rights in the Area Development Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

Name: _____

Title: _____

AREA DEVELOPER:

**(IF AREA DEVELOPER IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

OR

(IF AREA DEVELOPER IS AN INDIVIDUAL):

Print Name

Signature

Print Name

Signature

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT**

**DOG HAUS WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT**

**EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT**

The undersigned (collectively, "Guarantors") have requested DOG HAUS WORLDWIDE, LLC, a California limited liability company ("Franchisor"), to enter into an Area Development Agreement dated _____ (the "Area Development Agreement") with _____, a _____ ("Area Developer"). In consideration for, and as an inducement to, Franchisor's execution of the Area Development Agreement, Guarantors hereby grant this guarantee (this "Guarantee") agree as follows:

1. "Obligations" means and includes any and all obligations of Area Developer arising under or pursuant to the Area Development Agreement and all other obligations, whether now existing or hereafter arising, of Area Developer to Franchisor of whatever nature.
2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Area Developer to Franchisor and the performance of any and all obligations of Area Developer including, without limitation, obligations under the Area Development Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.
3. If Area Developer fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Area Development Agreement is not observed, performed or discharged as required by the Area Development Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge such obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.
4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Area Developer or any other person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Area Developer. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Area Development Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Area Development Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Area Development Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Area Development Agreement (or any of them) by Franchisor or Area Developer; (iv) the invalidity or unenforceability of any provision of the Area Development Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Area Development Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Area Developer or any other person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Area Developer's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Area Developer, any other or others; (iv) any defense arising out of any alteration of the Area Development Agreement or the Obligations; (v) notice of Area Developer's default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Area Developer, Franchisor, any endorser, creditor of Area Developer or Guarantors under this or any other instrument, or any other person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Area Developer by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Area Developer, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assume or has reason to believe that such facts are unknown to Guarantors or has a reasonable opportunity to communicate such facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Area Developer's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Area Developer. All existing or future indebtedness of Area Developer to Guarantors and any right to withdraw capital invested in Area Developer by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and such rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of (i) all rights described in California Civil Code Section 2856(a)(1) through 2856(a)(3), inclusive, including, without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Area Developer's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, amendments, modifications, substitutions or replacements of the Area Development Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Area Developer or whether Area Developer is joined in any such action or actions. Franchisor may maintain successive actions for other defaults. Franchisor's

rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Area Developer and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Area Developer or any other person or entity, or applying or enforcing any security of the Area Development Agreement. Guarantors acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Area Development Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter of this Guarantee and no representation, understanding, promise or condition concerning the subject matter of this Guarantee shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 17 of the Area Development Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantors' signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Paragraph 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

(Signature Page Follows)

Executed by or on behalf of Guarantors on the date set forth below.

Date: _____

Address:

Date: _____

Address:

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT C
OPTION TO OBTAIN LEASE ASSIGNMENT**

**DOG HAUS WORLDWIDE, LLC
OPTION TO OBTAIN LEASE ASSIGNMENT**

THIS OPTION TO OBTAIN LEASE ASSIGNMENT (this "Agreement") is made and entered into as of _____ (the "Effective Date"), by and between DOG HAUS WORLDWIDE, LLC, a California limited liability company ("Franchisor"), and _____, a _____ ("Franchisee"), and _____, a _____ ("Landlord"), with reference to the following facts:

A. On _____, Landlord, as lessor, and Franchisee, as tenant, entered into a Lease (the "Lease") for the premises located at _____ (the "Franchised Location") pursuant to which Franchisee leased the Franchised Location from Landlord for the purpose of operating a franchised Dog Haus Restaurant (the "Dog Haus Restaurant") at the Franchised Location.

B. On _____, Franchisor, as franchisor, and Franchisee, as franchisee, entered into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisee agreed to operate the Dog Haus Restaurant at the Franchised Location as a franchisee of Franchisor in accordance with the terms and conditions of the Franchise Agreement.

C. Franchisee, Franchisor and Landlord desire to enter into this Agreement to define the rights of Franchisor in and to the Franchised Location and to protect the interests of Franchisor with respect to the continued operation of a Dog Haus Restaurant at the Franchised Location during the entire term of the Lease and any renewals and extensions of the Lease on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. INCORPORATION OF RECITALS.

The Recitals set forth in Paragraphs A through C of this Agreement are true and correct and are incorporated into this Agreement as part of this Agreement.

2. OPTION.

Franchisee does hereby grant to Franchisor an option, exercisable at any time within thirty (30) days after Franchisor's receipt of actual notice of the occurrence of any of the events described in Section 3.1 through Section 3.7 (the "Option"), to succeed to Franchisee's rights under the Lease and to obtain an assignment of the rights and obligations of Franchisee under the Lease to Franchisor (the "Assignment"). This Agreement shall remain in full force and effect, and the Option granted in this Section 2 shall remain exercisable by Franchisor, during the entire term of the Franchise Agreement and the Lease, including all extension terms and/or renewal terms of the Franchise Agreement and the Lease.

3. REQUIRED NOTICE; ASSIGNMENT ONLY EFFECTIVE UPON EXERCISE OF OPTION.

This Agreement shall be effective upon the Effective Date; however, the Assignment shall only become effective if, and when, Franchisor expressly exercises the Option in writing after the occurrence of one or more of the following events:

3.1 Franchise Agreement. The occurrence of (i) any acts which would result in the immediate termination of the Franchise Agreement; or (ii) the default by Franchisee in the performance of any of the terms or

obligations of the Franchise Agreement, which default is not cured within the applicable cure period set forth in the Franchise Agreement.

3.2 **Lease.** The occurrence of (i) any acts which would result in the termination or merger of the Lease; or (ii) the default by Franchisee in the performance of any of the terms or obligations of the Lease which default is not cured within the applicable cure period set forth in the Lease.

3.3 **Sale of Restaurant.** If Franchisee, without the prior written consent of Franchisor, either (i) sells, transfers, assigns, sublets or enters into any agreement to sell, transfer, assign or sublet any of its right, title or interest in and to the Dog Haus Restaurant, including any transfer, assignment or sublet of the Franchise Agreement, the Lease or any of the operating assets of the Dog Haus Restaurant; or (ii) amends the Lease in any manner which would impair the value of the security granted by this Agreement or which would materially affect the rights of Franchisor under this Agreement.

3.4 **Failure to Exercise Option to Renew or Extend.** If Franchisee shall fail to exercise any option to renew or extend the term of the Lease.

3.5 **Insolvency.** If Franchisee (i) is adjudicated insolvent or makes an assignment for the benefit of creditors; or (ii) Franchisee applies for or consents to the appointment of a custodian, receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) if such a custodian, receiver, trustee or similar officer is appointed without the application or consent of Franchisee, and such appointment continues undischarged for a period of sixty (60) days.

3.6 **Bankruptcy.** If Franchisee (i) is adjudicated bankrupt or institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (ii) any such proceeding is instituted (by petition, application or otherwise) against Franchisee and remains undismissed for a period of sixty (60) days.

3.7 **Purchase of Franchised Location.** If Franchisee or any entity with which Franchisee has any financial interest enters into any agreement to purchase the Franchised Location from Landlord. Franchisee and Landlord shall each provide Franchisor with independent and separate written notice of the occurrence of any of the events described in Section 3.1 through Section 3.7 no later than fifteen (15) days after the occurrence of any of the events described in Section 3.1 through Section 3.7.

4. **CONSENT TO ASSIGNMENT.**

Landlord hereby consents to the Assignment and agrees that its consent to the Assignment shall remain in effect during the entire term of the Lease and any and all renewals and extensions of the Lease. The Lease shall not be amended, modified, altered, assigned, extended, renewed or terminated by Landlord, nor shall the Franchised Location be sublet by Franchisee with the consent of Landlord, without the prior written consent of Franchisor.

5. **EXERCISE OF OPTION BY FRANCHISOR.**

Franchisor shall exercise the Option by giving written notice to Franchisee and Landlord of its affirmative election to do so within thirty (30) days after Franchisor's receipt of actual notice of the occurrence of any of the events described in Section 3.1 through Section 3.7.

5.1 **Cure Defaults.** If Franchisor exercises the Option, Franchisee, Franchisor or its franchisee-designee, shall have the right to cure all uncured defaults of Franchisee under the Lease which exist as of the date of the exercise

of the Option when Franchisor or its franchisee-designee is put into actual possession of the Dog Haus Restaurant. The period of time to cure all defaults of Franchisee under the Lease shall be reasonably and appropriately extended by Landlord beyond the cure period provided to Franchisee under the Lease.

5.2 **Assignment of Rights.** Franchisor shall have the right, concurrently with or subsequent to Franchisor's exercise of the Option, to assign and transfer its rights under this Agreement to an affiliate or a franchisee of Franchisor without the prior consent of Landlord. In the event of such an assignment or transfer, the Franchisor's affiliate-designee or franchisee-designee shall obtain the Assignment in place and instead of Franchisor.

5.3 **Indemnification by Assignor.** Franchisee agrees to pay and reimburse Franchisor and to hold Franchisor harmless from and against any and all costs, damages, attorneys' fees, liabilities or other expenses of any nature whatsoever incurred by Franchisor in connection with the enforcement of Franchisor's rights and/or the performance of Franchisor's rights or obligations under this Agreement. Franchisor's exercise of the Option shall not release Franchisee from any liability to Landlord or Franchisor for any rents, costs, damages, attorneys' fees, liabilities or other expenses incurred by Franchisor or Landlord as a result of Franchisee's defaults or actions under Section 3.1 through Section 3.7.

6. **TERM OF AGREEMENT.**

This Agreement shall terminate upon the termination of the Lease with the written consent of Franchisor.

7. **TERMINATION OF LEASE AND FRANCHISE AGREEMENT.**

7.1 **Termination of Lease.** If, and only if, Franchisor exercises the Option, upon any termination of the Lease prior to the expiration date of the Lease or upon expiration of the term of the Lease in violation of Section 3.4 of this Agreement, following Franchisor's exercise of the Option, Franchisor shall, in Franchisor's discretion, either succeed to Franchisee's rights under the Lease or Landlord shall enter into a substitute lease for the Franchised Location with Franchisor, or its designee, on the identical terms and conditions as contained in the Lease, for the remaining term of the Lease, with identical extension or renewal options, within ten (10) business days of the termination or expiration of the Lease.

7.2 **Termination of Franchise Agreement.** Upon Franchisor's exercise of the Option, Franchisee shall surrender possession of the Franchised Location to Franchisor and Franchisor shall be entitled to, and Franchisee shall provide Franchisor with, immediate possession of the Franchised Location and Franchisee shall no longer be entitled to the use or occupancy of the Dog Haus Restaurant or the Franchised Location, including all of Franchisee's rights in and to the same, including all improvements, buildings and fixtures which are a part of the same will, in all respects, be deemed to have been terminated and, under the terms of this Agreement and the applicable provisions of the Franchise Agreement, assigned to Franchisor. Franchisor shall have the right to manage and operate the Dog Haus Restaurant at the Franchised Location immediately upon its exercise of the Option.

7.3 **De-Identification of Restaurant.** If Franchisor does not exercise the Option upon a termination of the Franchise Agreement and/or Lease, Franchisor shall have the right to enter the Dog Haus Restaurant and the Franchised Location to remove and modify to Franchisor's satisfaction, all distinctive design features and characteristics of the Dog Haus Restaurant and the Franchised Location, including distinctive interior designs and surface materials and refrigeration equipment, display fixtures, color décor and interior and exterior signs and all other items identifying the Dog Haus Restaurant and the Franchised Location as a Dog Haus Restaurant.

8. **RESTRICTIONS ON TRANSFER.**

This Agreement may not be assigned by Franchisee without the prior written consent of Franchisor. Franchisee shall not sell, transfer, assign, sublet or otherwise encumber any or all of its right, title or interest in and to the Dog Haus Restaurant, the Franchise Agreement or the Lease, except in accordance with the applicable terms and conditions of the Franchise Agreement. Franchisee shall not amend, modify or alter the Lease during the term of this Agreement without the prior written consent of Franchisor and shall provide Franchisor with at least thirty (30) days' prior written notice of any proposed amendment, modification, alteration, extension or renewal of the Lease.

9. **POWER OF ATTORNEY.**

Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to exercise any and all of Franchisee's rights in, to and under the Lease and in and to the Franchised Location upon the occurrence of a default or an event of default under the Lease or Franchise Agreement. Landlord acknowledges this appointment and agrees to recognize and accept the rights and actions of Franchisor under this appointment.

10. **GENERAL PROVISIONS.**

10.1 **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State in which the Franchised Location is located.

10.2 **Notices.** All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) three (3) business days after delivery by the party giving the notice, statement or demand if by air courier with a guaranteed tracking facility, or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid. Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

If to Franchisor: Dog Haus Worldwide, LLC
22 Central Court
Pasadena, California 91105
Attention: Erik Hartung

With a copy (which shall not constitute notice) to:

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan,
A Law Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764

If to Franchisee:

Attention: _____
Facsimile No.: _____

If to Landlord:

Attention: _____
Facsimile No.: _____

Any party may change his or its address by giving ten (10) days prior written notice of such change to all other parties.

10.3 **Waivers.** The delay, omission or forbearance by Franchisor to take action to remedy or seek damages for the breach or default of any term, covenant or condition of this Agreement or to exercise any right, power or duty arising from such breach or default shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach or default of the same or any other term, covenant or condition of this Agreement. The subsequent acceptance of performance by Franchisor shall not be deemed to be a waiver of any preceding breach or default by Franchisee other than its failure to pay the particular payment so accepted, regardless of Franchisor's knowledge of such preceding breach or default at the time of acceptance of such payment.

10.4 **Attorneys' Fees.** If any legal action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

10.5 **Modification.** This Agreement may be modified only by a writing executed by the party sought to be bound.

10.6 **Entire Agreement.** This Agreement, and the other agreements referred to in this Agreement, and any other agreement that may be executed by the parties concurrently with the execution of this Agreement, set forth the entire agreement and understanding of the parties with regard to the subject matter of this Agreement and any agreement, representation or understanding, express or implied, heretofore made by either party or exchanged between the parties are hereby waived and canceled.

10.7 **Cumulative Remedies.** Any specific right or remedy set forth in this Agreement, legal, equitable or otherwise shall not be exclusive, but shall be cumulative with all other rights or remedies set forth in this Agreement or allowed or allowable by law.

10.8 **Captions.** The various titles of the Sections in this Agreement are used solely for convenience and shall not be used in interpreting or construing any word, clause, Section or subparagraph of this Agreement.

10.9 **Gender.** All words used in this Agreement in the singular shall include the plural and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

10.10 **Successors.** This Agreement shall be binding upon all of the parties to this Agreement, their respective heirs, executors, administrators, personal representatives, successors and assigns.

10.11 **Severability.** The invalidity of any one or more of the provisions contained in this Agreement, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

10.12 **Additional Documents.** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or

instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement.

10.13 **Counterparts and Electronic Transmission; Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

10.14 **General.** Franchisee acknowledges that Franchisee has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that Franchisee has obtained the advice of counsel in connection with entering into this Agreement, that Franchisee understands the nature of this Agreement and that Franchisee intends to comply herewith and be bound hereby. Franchisee further acknowledges that it has read and understood this Agreement and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

10.15 **Atypical Terms.** Franchisee acknowledges and agrees that Franchisor has made no warranty or representation that all Option to Obtain Lease Assignment Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Option to Obtain Lease Assignment Agreements previously executed or executed after the date of this Agreement with other Dog Haus franchisees in a non-uniform manner.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

A _____

By: _____

Name: _____

Title: _____

LANDLORD:

A _____

By: _____

Name: _____

Title: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT D
CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEES**

**DOG HAUS WORLDWIDE, LLC
CONFIDENTIALITY AGREEMENT**

THIS CONFIDENTIALITY AGREEMENT (this "Agreement") is made this ____ day of _____, 20____, by and between DOG HAUS WORLDWIDE, LLC, a California limited liability company ("Franchisor"), on the one hand, and _____, a _____ ("Candidate"), on the other hand, with reference to the following facts:

A. Franchisor and its predecessor and affiliate have developed the "Dog Haus System" for the establishment and operation of quick-service restaurants ("Dog Haus Restaurants") that offer freshly prepared, cooked to order, high quality, proprietary gourmet hot dogs, sausages and hamburgers accompanied by Franchisor's proprietary sauces and a variety of other related food products, side dishes and alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption under the trade name and service mark "Dog Haus" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Dog Haus Marks"). The "Dog Haus System" means the unique system developed by Franchisor and Franchisor's affiliate that includes operating methods and business practices related to Dog Haus Restaurants, the relationship between Franchisor and its franchisees, interior and exterior Dog Haus Restaurant design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and preparation methods, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's website, all as Franchisor may modify the same from time to time.

B. Franchisor has the right to use, and to license others to use, the Dog Haus Marks and the Dog Haus System, and has, as a result of its expenditure of time, skill, effort, and money, developed a distinctive franchise model for qualified franchisees to obtain the right to operate a Dog Haus Restaurant using the Dog Haus Marks and the Dog Haus System.

C. Franchisor may provide Candidate with confidential and proprietary information regarding the Dog Haus System prior to granting or declining to grant Candidate a franchise or entering into a franchise agreement with Candidate. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. INCORPORATION OF RECITALS.

The recitals set forth in Paragraphs A through Paragraph C above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. CONFIDENTIALITY.

Candidate acknowledges and agrees that:

2.1. **Confidential Information.** Candidate's knowledge of the elements of the Dog Haus System and any other proprietary data that may be disclosed to Candidate by Franchisor, or any affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of a party and any and all confidential and/or proprietary knowledge, data or information which a party has obtained or obtains from another person or entity and which a party treats as proprietary or designates (whether or not in writing or electronic form) as "Confidential Information". By way of illustration, but not limitation, "Confidential

Information includes tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, recipes, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the Dog Haus System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Candidate. Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Candidate after receiving it; has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate; or is shown by acceptable evidence to have been independently developed by Candidate.

2.2. **Value.** The Confidential Information has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public and is of substantial value.

2.3. **Proprietary.** The Confidential Information is proprietary, confidential and constitutes a trade secret of Franchisor and its affiliates.

2.4. **Maintain Confidentiality.** Candidate will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal the Confidential Information to any person other than another person who is actively and directly participating in the acquisition of the franchise with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement similar to this Agreement, unless covered by attorney-client privilege.

2.5. **Reproduction and Use.** Candidate will not directly or indirectly reproduce or copy any Confidential Information or any part thereof and will make no use of any Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

2.6. **No Prior Experience.** Candidate specifically acknowledges and agrees that prior to the execution of this Agreement, Candidate had no experience, information or knowledge whatsoever about restaurants that serve gourmet hot dogs, sausages and hamburgers or Dog Haus Restaurants and that Candidate's knowledge of the Dog Haus Confidential Information was obtained solely from Franchisor pursuant to this Agreement. In addition, Candidate specifically acknowledges that, pursuant to this Agreement, Candidate will receive valuable Dog Haus

Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Dog Haus System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

3. **GENERAL.**

3.1. **Injunction.** Candidate recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the Dog Haus System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. **Heirs and Successors.** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. **Entire Agreement.** This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.4. **No Warranties.** Candidate acknowledges and agrees that Franchisor has made no promises, representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document concerning the profitability or likelihood of success of the Dog Haus Restaurant, that Candidate has been informed by Franchisor that there can be no guaranty of success in the Dog Haus Restaurant and that Candidate's business ability and aptitude are primary in determining his success.

3.5. **No Right to Use the Dog Haus System or the Dog Haus Marks.** This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.6. **Waiver.** Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. **Validity.** Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. **Headings and Gender.** The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. **Attorneys' Fees.** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor

for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

3.10. **Cumulative Remedies.** Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. **Notices.** All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

Dog Haus Worldwide, LLC
22 Central Court
Pasadena, California 91105
Attention: Erik Hartung

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764

Notices to Candidate:

Attention: _____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.12. **Governing Law.** This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California.

3.13. **Venue.** The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.14. **Counterparts and Electronic Transmission; Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR:

CANDIDATE:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT E
NON - DISCLOSURE AND CONFIDENTIALITY AGREEMENT FOR EMPLOYEES OF
FRANCHISEE**

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this "Agreement") is made this ____ day of _____, 20__ (the "Effective Date"), by and between _____ ("Franchisee"), on the one hand, and _____ ("Recipient"), on the other hand, with reference to the following facts:

A. Dog Haus Worldwide, LLC, a California limited liability company ("Franchisor") and its predecessor and affiliate, have developed the "Dog Haus System" for the establishment and operation of quick-service restaurants that offer freshly prepared, cooked to order, high quality, proprietary gourmet hot dogs, sausages and hamburgers accompanied by Franchisor's proprietary sauces and a variety of other related food products, side dishes and alcoholic and non-alcoholic beverages for both on-premises and off-premises consumption under the trade name and service mark "Dog Haus" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Dog Haus Marks").

B. The Dog Haus System includes, without limitation, the operations and training manuals and any other written directives related to the Dog Haus System (the "Manuals"), the operating methods and business practices related to Dog Haus Restaurants, the relationship between Franchisor and its franchisees, interior and exterior Dog Haus Restaurant design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and preparation methods, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's website (collectively, the "Confidential Information"), all of which may be modified by Franchisor from time to time and may be disclosed to Recipient by Franchisee.

C. Franchisor has and continues to protect the confidentiality of the Confidential Information by, among other things, (i) not revealing the confidential contents of the Confidential Information to unauthorized parties; (ii) requiring Dog Haus franchisees to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring Dog Haus franchisees to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration and termination of their Franchise Agreements.

D. Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to own and operate a Dog Haus Restaurant (the "Dog Haus Restaurant") and to use the Dog Haus System, the Dog Haus Marks, the Manuals, and the Confidential Information in the operation of the Dog Haus Restaurant.

E. Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from all supervisory or managerial personnel employed by Franchisee and each independent contractor engaged by Franchisee who may have access to the Confidential Information and who may be the recipient of the disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement from all supervisory or managerial personnel employed by Franchisee and each independent contractor to not use the Confidential Information other than in the course of his or her employment or engagement by Franchisee and to not disclose any of the Confidential

Information to any unauthorized parties during the period of time that he or she is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends.

NOW, THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about restaurants that offer gourmet hot dogs, sausages and hamburgers Recipient's knowledge of the Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 Confidential Information. The Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, recipes, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the Dog Haus System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Recipient. Confidential Information does not include any information that was in the lawful and unrestricted possession of Recipient prior to its disclosure by Franchisee to Recipient; is or becomes generally available to the public by acts other than those of Recipient after receiving it; has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor, Franchisee or Recipient; or is shown by acceptable evidence to have been independently developed by Recipient.

1.3 Independent Value. The Confidential Information (i) is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Franchisee; (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with

Franchisor or Franchisee; and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information.

1.4 **Valuable and Proprietary.** The Confidential Information has been developed by Franchisor, its founder and their affiliates by the investment of time, skill, effort and money and is widely recognized by the public, of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor, its founder and their affiliates.

2. **COVENANTS OF RECIPIENT.**

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 **Maintain Confidentiality.** Recipient will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal the Confidential Information to any person other than Franchisee or other personnel employed by Franchisee or independent contractors engaged by Franchisee while a supervisory or managerial employee or independent contractor of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as a supervisory or managerial employee or independent contractor of Franchisee.

2.2 **No Reproduction or Use.** Recipient will not directly or indirectly reproduce or copy any Confidential Information and will make no use of any Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Franchisee and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.3 **Restrictions.** Recipient specifically acknowledges and agrees Recipient may receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Dog Haus System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy. Recipient therefore covenants that while employed or engaged by Franchisee, Recipient shall not, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any person, or legal entity (i) divert or attempt to divert any present or prospective Dog Haus client to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Dog Haus Marks and the Dog Haus System; (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor, Franchisee or an affiliate of Franchisor or Franchisee as a supervisory or managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment; or (iii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any restaurant business that prepares, offers and sells gourmet hot dogs, sausages and hamburgers as its primary menu item as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Dog Haus Restaurant.

2.4 **Third Party Beneficiary.** Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement.

2.5 **No Restriction.** Nothing in this Article 2 is intended to prohibit or restrict any activity which prohibition or restriction violates Recipient's rights to engage in protected concerted activity under the National Labor Relations Act.

3. **GENERAL TERMS.**

3.1 **Injunction.** Recipient recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the Dog Haus System and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the Confidential Information, Franchisor and Franchisee, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 **Heirs and Successors; Entire Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.3 **No Right to Use Dog Haus Marks or Dog Haus System.** This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.4 **Waiver and Validity.** Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.5 **Headings and Gender.** The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.6 **Attorneys' Fees.** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings; If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 **Cumulative Remedies.** Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.8 **Notices.** Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail), or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

Fax: _____

With a copy to:

Dog Haus Worldwide, LLC
22 Central Court
Pasadena, California 91105
Attention: Erik Hartung

Any notice or demand to Recipient shall be given to:

Fax: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 **Counterparts and Electronic Transmission; Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this

Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

FRANCHISEE:

RECIPIENT:

A _____

By: _____

Name: _____

Title: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT F
GENERAL RELEASE**

**DOG HAUS WORLDWIDE, LLC
GENERAL RELEASE AGREEMENT**

THIS GENERAL RELEASE AGREEMENT (this "**Release Agreement**") is made and entered into as of _____ (the "**Effective Date**"), by and among DOG HAUS WORLDWIDE, LLC, a California limited liability company ("**Franchisor**"), on the one hand, and _____ a _____ ("**Franchisee**"), and _____ ("**Owner**"), on the other hand, who are collectively referred to in this Release Agreement as the "**Releasing Parties**", with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement and related ancillary agreements dated _____ (collectively, the "**Franchise Agreement**") pursuant to which Franchisor granted Franchisee a license (the "**License**") to use the service mark and trade name "**Dog Haus**" and other related trademarks, service marks, logos and commercial symbols (the "**Dog Haus Marks**") and the "**Dog Haus System**" (the "**System**") in connection with the operation of a Dog Haus Restaurant (the "**Restaurant**") located at _____ (the "**Franchised Location**").

B. Franchisee desires to enter into a _____.

C. This Release Agreement has been requested at a juncture in the relationship of the parties where Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasing Parties, therefore, gives this Release Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the parties. Releasing Parties acknowledges that this Release Agreement is intended to wipe the slate clean.

NOW, THEREFORE, IT IS AGREED:

1. **DEFINITIONS.** As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, whatsoever, whether known or unknown, matured or unmatured, accrued or unaccrued, suspected or unsuspected, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, and whether or not asserted, threatened, alleged, or litigated, at law, equity, or otherwise.

1.2 "**Constituents**" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3 "**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Agreement on and after the date of this Release Agreement.

1.4 **"Franchisor Released Parties"** means Franchisor, Dog Haus International, LLC, a Delaware limited liability company, Dog Haus, LLC, a California limited liability company, and each of their Constituents.

1.5 **"Losses"** means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

2. **GENERAL RELEASE AGREEMENT.** Releasing Parties, for themselves and their Constituents, hereby release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, including, without limitation any and all Claims which relate to the Franchise Agreement, the Restaurant, the System, the License, the Dog Haus Marks, and the Franchised Location, or to any other agreement entered into prior to the Effective Date, between Franchisor Released Parties, on the one hand, and Releasing Parties, on the other hand, except for the Excluded Matters and obligations under this Release Agreement. This waiver, release and discharge is effective immediately in its fullest and most comprehensive sense.

3. **WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

3.1 **Section 1542 of the California Civil Code.** Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2 **Waiver.** With respect to those Claims being released pursuant to Section 2, Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of the Franchisor Released Parties, and each of them.

4. **UNKNOWN CLAIMS.** Releasing Parties acknowledge and agree that among the wide and comprehensive range of Claims being waived, released, and discharged by this Release Agreement, they are waiving, releasing, and discharging unknown and unsuspected Claims which, if known or suspected by Releasing Parties to exist in their favor at the time of executing this Release Agreement, may have materially affected Releasing Parties' decision to enter into this Release Agreement. It is understood by Releasing Parties that, after the Effective Date, the facts under which this Release Agreement is entered into may turn out to be other than or different from the facts Releasing Parties knew or believed to be true on the Effective Date. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects final and effective and not subject to termination or rescission by any such difference in facts.

5. **REPRESENTATIONS AND WARRANTIES.** Releasing Parties hereby represent and warrant that, in entering into this Release Agreement, Releasing Parties: (i) are doing so freely and voluntarily, either upon the advice of counsel and business advisors of Releasing Parties' own choosing, or without such advice because Releasing Parties, free from coercion, duress or fraud, declined to obtain such advice; (ii) have read and fully understand the terms and scope of this Release Agreement; (iii) understand that this Release Agreement is final and conclusive, and

intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of their interest, or any contingent interest, in any of the Claims released by this Release Agreement now or in the future, and are aware of no third party who contends or claims otherwise, and shall not purport to assign, transfer, or convey any interest in any such Claim after the Effective Date.

6. **COVENANTS NOT TO SUE.** Releasing Parties hereby irrevocably covenant that they will not, directly or indirectly: (i) commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement; or (ii) assist or encourage any person or entity to investigate, inquire into, commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement.

7. **INDEMNITY.** Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with: (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Release Agreement; (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Release Agreement; (iii) any breach of representations, warranties or covenants hereunder by Releasing Parties or its Constituents; or (iv) the Franchise Agreement, the Restaurant, the Franchised Location, and/or any and all claims of creditors, customers, vendors, suppliers or invitees of the Restaurant, or other third parties, for obligations incurred and/or acts or omissions to act by Franchisee, both prior to and following the Effective Date.

8. **GENERAL PROVISIONS:**

8.1 **Amendment.** This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties.

8.2 **Entire Agreement.** This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement and supersedes any prior negotiations and agreements, oral or written, with respect to the subject matter of this Release Agreement. The Recitals set forth in Paragraphs A through C of this Release Agreement are true and correct and are incorporated into this Release Agreement as part of this Release Agreement.

8.3 **Counterparts and Electronic Transmission; Electronic Signatures.** This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Release Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Release Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement. In addition, this Release Agreement may be signed electronically by the parties and electronic signatures appearing on this Release Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Release Agreement.

8.4 **Heirs, Successors and Assigns.** This Release Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns. In addition, each of Franchisor Released Parties that is not a party shall be a third party beneficiary of this Release Agreement, with the right to enforce this Release Agreement for his, her, or its benefit, whether acting alone or in combination with any other Franchisor Released Party.

8.5 **Interpretation.** The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties, and shall have no applicability in construing this Release Agreement or any of its terms. The headings used in this Release Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Release Agreement. As used in this Release Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

8.6 **Severability and Validity.** Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this Release Agreement or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

8.7 **Governing Law and Venue.** This Release Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Release Agreement would not be enforceable under the laws of California, and if the Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 8.7 is intended by the parties to subject this Release Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court for the Central District of California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

8.8 **Authority of Franchisor.** Franchisor represents and warrants that (i) Franchisor has the power and authority to enter into this Release Agreement and to perform its obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individual who executes this Release Agreement on Franchisor's behalf is duly authorized to do so without the approval or consent of any other person or entity.

8.9 **Authority of Releasing Parties.** Releasing Parties represent and warrant that (i) they have the power and authority to enter into this Release Agreement and to perform their obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individuals who execute this Release Agreement on Releasing Parties' behalfs are duly authorized to do so without the approval or consent of any other person or entity.

8.10 **No Waiver.** No delay, waiver, omission, or forbearance on the part of any party to exercise any right, option, duty, or power arising out of any breach or default by any other party of any of the terms, provisions, or covenants of this Release Agreement, and no custom or practice by the parties at variance with the terms of this Release Agreement, shall constitute a waiver by any party to enforce any such right, option, or power as against the other parties, or as to a subsequent breach or default by the other parties.

8.11 **Attorneys' Fees.** If any legal action is brought to enforce the terms of this Release Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

8.12 **Further Acts.** The parties agree to execute, acknowledge and deliver to any requesting party, and to procure the execution, acknowledgment and delivery to any requesting party, of any additional documents or instruments which the requesting party may reasonably require to fully effectuate and carry out the provisions of this Release Agreement.

IN WITNESS WHEREOF, the parties to this Release Agreement have executed this Release Agreement as of the Effective Date.

FRANCHISOR:

DOG HAUS WORLDWIDE, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

A _____

By: _____
Name: _____
Title: _____

OWNER:

_____, an individual

_____, an individual

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT G
STATE ADDENDA**

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

Disclosure Document is amended as follows:

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE WWW.DOGHAUS.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

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

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

Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following language is added to the end of Item 5 of the Disclosure Document:

We maintain a surety bond in the amount of \$140,000 as a condition of registration in California.

3. The fifth row, second column of the table in Item 6 is hereby deleted in its entirety and replaced with the following:

"1.5% per month (18% per year), plus \$200, but not exceeding the maximum legal rate, which is currently 10% in California, from the date payment was due until paid in full."

4. The nineteenth row, second column of the table in Item 6 is hereby deleted in its entirety and replaced with the following:

"Cost of audit (estimated to be \$1,000 - \$5,000) plus 1.5% per month (18% per year), but not exceeding the maximum legal rate, which is currently 10% in California."

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

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

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

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

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

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

The Franchise Agreement provides that the parties must first attempt to resolve all disputes by mediation in Los Angeles County, California. The fees and expenses of the mediator will be shared equally by Franchisor and Franchisee.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Franchise Agreement") dated _____, by and between DOG HAUS WORLDWIDE, LLC, a California limited liability company as franchisor ("Franchisor"), and _____, as franchisee ("Franchisee"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

a. They will use the declining-balance depreciation method to calculate the value of Franchisee's assets (inventory, supplies, equipment, fixtures, and furnishings) for the purposes of a purchase by Franchisor under Section 20022. The purchase price by Franchisor for these assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

b. For the purposes of Section 20022, Franchisee is not able to provide to Franchisor with "clear title and possession" to Franchisee's Assets if those Assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by franchisee's landlord; or (v) tax liens.

c. For the purposes of Section 20022(h), Franchisor's right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor's Affiliates: (i) Royalty Fees; (ii) Marketing Fund Fees; (iii) liquidated damages; (iv) Transfer Fees; and (v) any other type of fee owed by Franchisee to Franchisor or Franchisor's Affiliates.

2. For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

a. "Fair market value of the franchise assets" means the value of Franchisee's Assets, valued according to the declining-balance method of depreciation. The purchase price by Franchisor for the Assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

b. "Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor's termination or failure to renew if we are in violation of the California Franchise Relations Act.

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.

FRANCHISOR:

FRANCHISEE:

DOG HAUS WORLDWIDE, LLC
A California limited liability company

A _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**NOTICE OF SALES OF FRANCHISE ON TERMS DIFFERENT FROM REGISTERED OFFER PURSUANT
TO SECTION 31109.1 OF CALIFORNIA CORPORATIONS CODE
(FRANCHISE INVESTMENT LAW)**

The following are summary descriptions of each material negotiated term that was negotiated by Dog Haus Worldwide, LLC's predecessor, Dog Haus International, LLC, for California franchise sales during the 12 month period ending December 31, 2017:

1) a) **Name of franchisee:** Henry Lee (East Village DH, LLC)
 Address: 11588 Punta Dulcina
 San Diego, California 92131
 Telephone Number: (619) 5016668

b) **Modification of Area Development Agreement- Description of Provisions in Currently Registered Franchise Disclosure Document:**

Area Development Agreement, Exhibit A provides in part as follows:

"DEVELOPMENT FEE: \$ _____ (@ \$10,000 for each Restaurant (except for Restaurant #1).

DEVELOPMENT FEE CREDIT: \$ _____

INITIAL FRANCHISE FEE: \$35,000 for the first Dog Haus Restaurant; \$25,000 for each subsequent Dog Haus Restaurant."

c) **Description of Changes:**

Area Development Agreement, Exhibit A is amended in part to read as follows:

"**Development Fee.** Notwithstanding any provision in the Development Agreement to the contrary, the Development Fee shall be \$192,500, which represents the Development Fee paid pursuant to the Assignment Development Agreement and the Lee Squared Development Agreement. As of the Effective Date, the Development Fee has been paid in full.

Development Fee Credit. Notwithstanding any provision in the Development Agreement to the contrary, as of the Effective Date, Area Developer shall have a Development Fee Credit of \$82,500, which represents the Development Fee Credit from the Assignment Development Agreement and the Lee Squared Development Agreement.

Initial Franchise Fees. Notwithstanding any provision in the Development Agreement to the contrary, the Initial Franchise Fee for the first Dog Haus Restaurant opened pursuant to the Development Schedule shall be \$35,000. The Initial Franchise Fee for each subsequent Dog Haus Restaurant shall be \$25,000. Franchisor shall credit \$7,500 of the Development Fee Credit against the Initial Franchise Fee for each Dog Haus Restaurant upon the Parties' execution of a Franchise Agreement for each Dog Haus Restaurant."

d) **Date of Negotiated Sale:** September 11, 2017.

2) **Requests for copies of the negotiated terms should be forwarded to:**

Barry Kurtz, Esq.
Lewitt Hackman, A Professional Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Telephone: 818-907-3006/Fax: 818-981-4764

I certify that Dog Haus Worldwide, LLC's predecessor, Dog Haus International, LLC has complied with all of the requirements of Section 31109.1 of the California Corporations Code (Franchise Investment Law) and that the negotiated terms, on the whole, confer additional benefits on the franchisee(s). I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Executed at Encino, California, on April 18, 2018.

DOG HAUS WORLDWIDE LLC,
A California limited liability company

By: _____

Erik Hartung

Title: Director of Franchise Development

Date of this notice: April 18, 2018

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT H
FRANCHISE COMPLIANCE CERTIFICATE**

DOG HAUS WORLDWIDE, LLC

FRANCHISE COMPLIANCE CERTIFICATE

The undersigned desires to enter into a Franchise Agreement with **DOG HAUS WORLDWIDE, LLC**, a California limited liability company ("Franchisor"); Franchisor requires Franchisee to complete this Questionnaire in order to enable Franchisor to confirm that Franchisor and its employees and representatives have fully complied with all applicable franchise registration and disclosure laws.

1. Full name of Franchisee:

2. Franchised Location:

3. Franchisee is: (Check applicable box)

☐ An individual,

☐ A corporation,

☐ A general partnership,

☐ A limited partnership

☐ A limited liability company

4. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of Franchisee: (Check applicable box)

☐ Officer (insert title): _____

☐ General Partner: _____

☐ Other (please explain): _____

5. Did Franchisee receive a Franchise Disclosure Document from Franchisor? ☐ Yes ☐ No

6. On what date was the Franchise Disclosure Document received, and by whom?

Recipient: _____

Date: _____

7. Below, please indicate the contracts proposed to be executed by Franchisee in connection with execution of the Franchise Agreement (the "Agreements") and the date that the final form of each of the Agreements was delivered to Franchisee:

<u>Agreement</u>	<u>Date Received</u>
☐ Franchise Agreement	_____
☐ Area Development Agreement	_____
☐ Asset Purchase Agreement	_____
☐ _____	_____

8. Name of salesperson(s) handling this sale for Franchisor:

9. Were any oral or written statements made to Franchisee by Franchisor, the salesperson(s) listed above, or any other representatives of Franchisor concerning the actual sales, profits or earnings of any franchised or company-owned unit(s), or potential sales, profits or earnings that could be anticipated at any location? ☐ Yes ☐ No

If yes, please explain in detail (attach additional sheet if necessary) and if none, write "none":

10. Did Franchisee carefully review and understand the Franchise Disclosure Document and the Franchise Agreement, as applicable, and the other Agreements? ☐ Yes ☐ No

If no, please explain:

11. Did Franchisee ask Franchisor any questions concerning the Franchise Disclosure Document or Agreements that were not satisfactorily answered? ☐ Yes ☐ No

If yes, please explain:

12. Did the salesperson(s) listed above, or any other employee or representative of Franchisor, make any statement to Franchisee which is inconsistent with the information described in the Franchise Disclosure Document? ☐ Yes ☐ No

If yes, please explain:

13. Did any employee or other person on Franchisor's behalf make any statement or promise about Franchisor's affiliated companies other than the information contained in the Franchise Disclosure Document?

☐ Yes ☐ No

If yes, please explain:

14. Did Franchisee contact other franchisees of Franchisor to discuss Franchisee's possible execution of the Franchise Agreement? ☐ Yes ☐ No

15. If your answer to question 14 was yes, please identify these franchisees (attach extra sheets if necessary):

16. Did Franchisee employ an attorney to render advice to Franchisee concerning the execution of the Franchise Agreement? ☐ Yes ☐ No.

If yes, please insert the name address and telephone number of such attorney:

17. Did Franchisee consult with an accountant or other financial advisor in connection with the execution of the Franchise Agreement? ☐ Yes ☐ No.

If yes, please insert the name address and telephone number of such accountant or financial advisor:

☐ Accountant

☐ Other (please describe) _____

18. Has Franchisee, directly or through one or more affiliated business entities, previously owned and/or operated a business similar to a Dog Haus Restaurant ☐ Yes ☐ No; if "yes", how many, where and for how long? _____

19. Has Franchisee, directly or through one or more affiliated business entities, previously owned and/or operated a Dog Haus Restaurant ☐ Yes ☐ No; if "yes", for how long? _____

20. If Franchisee has checked "yes" to question 19, Franchisee represents and agrees that Franchisee is entering into the Franchise Agreement based on Franchisee's own knowledge of, and experience with the Dog Haus System, and not in reliance upon any statements or information made or provided, or alleged to have been made or provided, by Franchisor or its affiliates, or any of its or their officers, directors, agents, employees or representatives.

AGREED: _____

Franchisee's Initials

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Franchisee understands that Franchisor is acting in reliance on the truthfulness and completeness of Franchisee's responses to the questions above in entering into the Franchise Agreement with Franchisee. FRANCHISEE ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND FRANCHISEE HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

(IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

[Print Name of Entity]

By: _____

Name: _____

Title: _____

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT J
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California Commissioner of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa, 1 st Floor G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23 rd Floor New York, New York 10271-0332 (212) 416-8236 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9672	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 Tumwater, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT K
LIST OF FRANCHISEES**

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2017

Name	Entity Name	Phone	Address	City	State	Zip Code
Jeron Boemer*	Complex Investments Inc.	928.246.1154	14772 Ave 4 1/4 E	Yuma	AZ	85365
Davinder & Gragandeep Singh	Valley Guys Inc.	626.282.4287	410 E Main St	Alhambra	CA	91801
Diana Ramos*	DH Olive LLC	818.566.4287	3817 W Olive Ave	Burbank	CA	91505
Paul Homayoun*	Dog Haus Topanga LLC	818.340.4287	6501 Topanga Canyon Blvd	Canoga Park	CA	91303
Sherwin Taylor	YJR Investment Group	424.477.5877	21720 S Avalon Blvd Suite 101	Carson	CA	90745
Lisa Chau & Michael Chau*	Chau Haus Inc.	951.279.4287	350 N. McKinley St. #102	Corona	CA	92879
Burt Benepal*	Coastal Restaurant Collective	510.490.2800	43432 Boscell Rd	Fremont	CA	94538
Victoria Bells	The Sedulous Group, LLC	714.213.8265	2555 E. Chapman Ave	Fullerton	CA	92831
Tenny Megerdichian	DH Promenade LLC	562.901.4287	210 East Third St.	Long Beach	CA	90802
Tenny Megerdichian*	DH Fig Inc	213.216.5337	3335 S. Figueroa St.	Los Angeles	CA	90007
Tanya & Amir Tabrizizadeh*	Tabrizi Haus Corp	951.246.4287	30080 Haun Rd	Menifee	CA	92584
Diana Ramos*	DH Olive LLC	818.505.1033	4931 N Lankershim Blvd	North Hollywood	CA	91601
Paul Homayoun*	Dog Haus Reseda LLC	747.202.3349	8931 Reseda Blvd.	Northridge	CA	91324
John Spishak	Adamshak Inc.	661.225.9460	1233 Rancho Vista Blvd.	Palmdale	CA	93551
Davinder & Gragandeep Singh*	Valley Guys Inc.	626.577.4287	105 N Hill Ave, Ste 104	Pasadena	CA	91106
Vahan Ouzounian	DH RC LLC	909.922.8282	7815 Monet Ave	Rancho Cucamonga	CA	91739
Henry Lee*	East Village DH, LLC	619.501.6668	969 Ninth Aye	San Diego	CA	92101
Victoria Bells	The Sedulous Group, LLC	714.953.4287	2800 N Main St	Santa Ana	CA	92705
Shayan Payind	DH T.Oaks LLC	805.497.3644	50 E. Thousand Oaks Blvd.	Thousand Oaks	CA	91360
Robert Horneman*	L&H Investments	626.331.4287	2678 E Garvey Ave S	West Covina	CA	91791
Jason Bell*	3JR LLC	720.330.0823	12023 E Arapahoe RD	Centennial	CO	80112
Jeron Boemer	Complex Investments Inc.	719.488.4278	162 Tracker	Colorado Springs	CO	80921
Brett Johnson*	KEJ Ventures LLC	303.353.4385	8316 Northfield Blvd	Denver	CO	80238
Shawn Eby*	Goalz Restaurant Group	815.227.9900	7616 Walton St	Rockford	IL	61108
Ian Vandeburg	Dogs of Paradise LLC	702.435.4287	4480 Paradise Rd.#800	Las Vegas	NV	89109
Ron Ryan*	Top Dawg Restaurants LLC	214.935.9121	744 S Central Expy Suite 210	Richardson	TX	75080
Sue Bushnell*	Lunch Box Group LLC	801.987.3202	10261 South State St	Sandy	UT	84070

* Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**LIST OF FRANCHISEES WHO TRANSFERRED THEIR RESTAURANTS TO NEW OWNERS
AS OF DECEMBER 31, 2017**

Name	Entity Name	Phone	Address	City	State	Zip Code
Kelvin Zhang*	Aberlyn Inc.	909.214.1199	53 Firwood	Irvine	CA	92604
Owen Yan*	S&O Management	626.512.8446	3445 E. Millridge Dr	West Covina	CA	91792
Ryan Welch*	Sled Dog, LLC	213.216.5337	83 W. Royal Hunter Dr. Ste 200	Cedar City	UT	84720

* Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**LIST OF FRANCHISEES WHO HAD AN OUTLET TERMINATED, NOT RENEWED, REACQUIRED BY FRANCHISOR, OR CEASED
OPERATIONS FOR OTHER REASONS
AS OF DECEMBER 31, 2017**

Name	Entity Name	Phone	Address	City	State	Zip Code
Fred Woodfork***	Woodfork Development	323.683.7603	16820 Sunny Ridge Ct	Cerritos	CA	90703
Mark Startup***	Six Figures LLC	909.680.9115	6213 Natelie Rd	Chino Hills	CA	91709
Rohit Bhagi***		510.688.7914	34463 Torrey Pine Ln	Union City	CA	94587

* Area Developer

*** Agreement signed, but restaurant never opened.

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS, BUT WHOSE RESTAURANTS WERE NOT OPEN
AS OF DECEMBER 31, 2017**

Name	Entity Name	Phone	Address	City	State	Zip Code
Mondher Mahmoud*		832.278.0962	16832 W. Adams St.	Goodyear	AZ	85338
Marcus Chan*	MHR Investments	626.674.4850	900 Encanto Dr.	Arcadia	CA	91007
Andrew Kim*		909.224.2276	12303 Lincolnshire Dr	Bakersfield	CA	93311
Richard Lopez	Grandview Ventures	559.303.9055	153 W. Houston Ave.	Clovis	CA	93611
Vahe Issai*	VRI Ventures LLC	818.445.8876	1370 Balmoral Dr	Glendale	CA	91207
Manish Patel	Desi Dawgs, LLC	832.451.0897	415 S. Glendora	Glendora	CA	91741
Rob Lee*	The General Lee Legacy, LLC	213.712.3210	26261 Prima Way	Santa Clarita	CA	91350
Dan Markel*	VJMS Dining, LLC	818.822.9726	14441 Burbank Blvd	Van Nuys	CA	91401
Jesse Koontz*	First Würst LLC	760.707.9700	1758 N. Wilmot Ave.	Chicago	IL	60647
Todd Applebaum*	Labrador One LLC	614.679.8931	190 Stanbery Ave	Columbus	OH	43209
Faizan Khan*	Castlerock Investments	626.755.9387	44532 Stepney Dr	Ashburn	VA	20147

* Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**DOG HAUS WORLDWIDE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT L
RECEIPTS**

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Dog Haus Worldwide, LLC offers you a franchise, Dog Haus Worldwide, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Dog Haus Worldwide, 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 D.C. 20580 and the appropriate State Agency Identified on Exhibit J.

The franchisor is Dog Haus Worldwide, LLC located at 22 Central Court, Pasadena, California 91105; Telephone: 626-796-4287.

Issuance Date: April 18, 2018.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Quasim Riaz, André Vener, Hagop Giragossian, and Erik Hartung, all at: 22 Central Court, Pasadena, California 91105; Telephone: 626-796-4287; and _____.

We authorize the persons and/or entities listed on Exhibit J to receive service of process for us.

I have received a Disclosure Document dated April 18, 2018. This Disclosure Document includes the following Exhibits:

Exhibit A: Franchise Agreement	Exhibit G: State Specific Addenda
Exhibit B: Area Development Agreement	Exhibit H: Franchise Compliance Certificate
Exhibit C: Option to Obtain Lease Assignment	Exhibit I: Financial Statements
Exhibit D: Confidentiality Agreement for Prospective Franchisees	Exhibit J: State Administrators and Agents for Service of Process
Exhibit E: Non-Disclosure and Confidentiality Agreement for Employees of Franchisee	Exhibit K: List of Franchisees
Exhibit F: General Release	Exhibit L: Receipts

Date

Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Erik Hartung, 22 Central Court, Pasadena, California 91105; Telephone: 626-796-4287; Email:erik@doghaus.com.

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Dog Haus Worldwide, LLC offers you a franchise, Dog Haus Worldwide, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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If Dog Haus Worldwide, 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, D.C. 20580 and the appropriate State Agency Identified on Exhibit J.

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Exhibit E: Non-Disclosure and Confidentiality Agreement for Employees of Franchisee	Exhibit K: List of Franchisees
Exhibit F: General Release	Exhibit L: Receipts

Date

Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.doghaus.com