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FRANCHISE DISCLOSURE DOCUMENT

Hokulia Franchising, Inc.
a Utah corporation
872 W. Heritage Park Boulevard #110
Layton, Utah 84041
(801) 478-4670
www.Hokuliashaveice.com

HŌKŪLIA
SHAVE ICE ™

As a franchisee, you will operate one of the following Hokulia® businesses: 1) a seasonal mobile kiosk business serving shave ice and other frozen desserts; 2) a year-round drive-thru business serving shave ice and other frozen desserts; or 3) an inline store front business offering smoothies, shave ice, scoop ice cream and other frozen desserts.

The total investment necessary to begin operation of a seasonal mobile kiosk Hokulia® franchise is between $70,700 - $153,000 (not including rent). This includes the $17,500 - $38,500 that must be paid to the franchisor or affiliate. See Items 5 and 7.

The total investment necessary to begin operation of year-round drive-thru Hokulia® franchise is between $266,800 - $153,000 (not including rent). This includes the $45,500 - $47,500 that must be paid to the franchisor or affiliate. See Items 5 and 7.

The total investment necessary to begin operation of an inline store front Hokulia® franchise is between $244,800 - $785,000 (not including rent). This includes the $45,500 - $47,500 that must be paid to the franchisor or affiliate. See Items 5 and 7.

Under this offering, you are permitted to purchase either a single unit or multiple units pursuant to an area developer agreement. This number of units is negotiated between you and us, but you will be required to pay an upfront development fee based on the number of units to be developed. See Items 5 and 7.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate regarding the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mark Gilleland at 872 W. Heritage Park Blvd. Suite 110, Layton, Utah 84041 and (801) 478-4670.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this document to an advisor, like an attorney or an accountant.

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

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

Issuance Date: April 11, 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 A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit "F" 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, 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN UTAH. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN UTAH THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY AND MAY COMPETE WITH US AND OTHER FRANCHISEES. IF YOU HAVE A SEASONAL MOBILE KIOSK FRANCHISE, WE MAY SELL A YEAR-ROUND DRIVE-THRU OR INLINE STORE FRANCHISE IN YOUR TERRITORY.

4. IF YOU VIOLATE THE NON-COMPETE COVENANT IN THE FRANCHISE AGREEMENT OR USE OUR TRADEMARK WITHOUT OUR APPROVAL OR PERMISSION, YOU WILL BE LIABLE FOR $75,000.

5. PURSUANT TO THE AREA DEVELOPER AGREEMENT, YOU MAY LOSE YOUR TERRITORIAL RIGHTS IF YOU DO NOT MEET YOUR DEVELOPMENT SCHEDULE.

6. IF YOU ARE AN INDIVIDUAL WHO OWNS 5% OF GREATER IN INTEREST IN THE FRANCHISE BUSINESS, YOU MUST PERSONALLY

GUARANTEE THE PERFORMANCE OF ALL YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND AGREE TO BE PERSONALLY BOUND BY, AND LIABLE FOR, THE BREACH OF EVERY PROVISION OF THE FRANCHISE AGREEMENT.

7. THE FRANCHISE BUSINESS IS A NEW BUSINESS AND THE FRANCHISOR HAS NOT OPERATED THE TYPE OF BUSINESS BEING FRANCHISED.

8. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

9. 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.

Effective Date: 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 states having franchise registration and disclosure laws, with the following effective dates:

California _____
New York _____
Virginia _____
Washington _____

TABLE OF CONTENTS

Item No.		Page No.
1.	The Franchisor and any Parents, Predecessors, and Affiliates	8
2.	Business Experience	11
3.	Litigation	12
4.	Bankruptcy	12
5.	Initial Fees	12
6.	Other Fees	13
7.	Estimated Initial Investment	19
8.	Restrictions on Sources of Products and Services	28
9.	Franchisee's Obligations	30
10.	Financing	32
11.	Franchisor's Assistance, Advertising, Computer Systems, and Training	32
12.	Territory	42
13.	Trademarks	44
14.	Patents, Copyrights and Proprietary Information	45
15.	Obligation to Participate in the Actual Operation of the Franchise Business	46
16.	Restrictions on What the Franchisee May Sell	47
17.	Renewal, Termination, Transfer and Dispute Resolution	48
18.	Public Figures	54
19.	Financial Performance Representations	54
20.	Outlets and Franchisee Information	56

Item No. Page No.

21. Financial Statements 63

22. Contracts 63

23. Receipts 63

Addendum of State Regulations
California – Schedule 1 64
Washington – Schedule 2 66
New York – Schedule 3 67
Virginia – Schedule 4 69

EXHIBITS

A. Franchise Agreement and its Exhibits:
A-1 Territory
A-2 Company Representations and Warranties
A-3 Principal Confidentiality & Non-Competition Agreement
A-4 Employee Confidentiality & Non-Competition Agreement
A-5 Principal Confidential Recipe Agreement
A-6 Employee Confidential Recipe Agreement
A-7 Landlord's Consent
A-8 Site Location Agreement
A-9 ACH Form
A-10 State Specific Addenda
B. Confidential Information Application
C. Financial Statements
D. Schedule of Franchises
E. List of Agents for Service of Process
F. List of State Agencies responsible for Franchise Disclosure and Registration Law
G. Table of Contents for Operations Manual
H. Area Developer Agreement
I. Release Agreement
Receipts

FRANCHISE DISCLOSURE DOCUMENT

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

The Franchisor

The name of the franchisor is Hokulia Franchising, Inc. In this disclosure document Hokulia Franchising, Inc. is referred to as "we" or "us" or "our" or Hokulia®; "you" or "yours" means the person, individually and collectively, who buys the franchise from us and includes the owners of a franchise that is a corporation, partnership or other entity. If you are a corporation, partnership or other entity, your owners must sign an agreement that all provisions of the franchise agreement also will apply to your owners as they must personally guarantee and be personally bound by your obligations under the franchise agreement.

Our company is a corporation and was incorporated on August 9, 2012 in the State of Utah under the name Hokulia Franchising, Inc. Our principal place of business is 872 W. Heritage Park Boulevard, Layton, Utah 84041. Our fiscal year ends on December 31.

We do not do business under any names other than Hokulia Franchising, Inc. We are in the business of franchising Hokulia® businesses. We do not operate a business of the type to be operated by you and we do not have any other business activities other than franchising.

Our agents for service of process in various states are disclosed in Exhibit "E".

As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business. In addition, we did not begin offering or selling franchises in this business until August 2012.

Parent & Affiliates

Our affiliate, Farr's Fresh Franchising, Inc., formed in Utah in 2009, located at 872 W. Heritage Park Boulevard #110, Layton, Utah 84041, sold frozen yogurt, ice cream, and custard franchises under the name Farr's Fresh®. Since 2009, Farr's Fresh Franchising, Inc. sold 5 franchises. They are not selling franchises at this time.

Our affiliate, HKWM Franchising, Inc. (previously Hokulia WM, Inc.), formed on October 27, 2016 in the state of Utah and located at 872 W. Heritage Park Boulevard #110, Layton, Utah 84041, began selling franchises in December 2016 that offers a business model of year-round inline storefront businesses inside a national discount retail store offering smoothies, shave ice, scoop ice cream, other frozen desserts, coffee, and other food items. Since 2016 they have sold 5 franchises under this model but are not currently offering these franchises.

Our affiliate, Farr Better Franchising, Inc., located at 872 W. Heritage Park Boulevard #110, Layton, Utah 84041, was formed in March 2018 in the state of Utah. They began selling scope ice cream and hot dog business franchises in March 2018 and have currently sold 1 franchise.

Our affiliate, Asael Farr & Sons Company, located at 286 21st Street, Ogden, Utah 84401 is a designated supplier and currently provides products to our franchisees and affiliate owned stores. It has been in operations since 1920 and has been one of our suppliers since our inception. In addition, Asael Farr & Sons Company has operated a general scoop and serve ice cream and other frozen dessert location since 1929 but does not franchise this business nor does it operate a business of the type to be operated by you.

Our parent is Farr's Fresh, Inc. located at 872 W. Heritage Park Boulevard #110, Layton, Utah 84041.

We have no other parents or affiliates and no predecessors required to be disclosed in this item.

Franchise Offered

We license and train others to operate Hokulia® businesses. The mobile kiosk franchise authorizes you to engage in the operation of a seasonal Hawaiian shave ice mobile kiosk selling shave ice, and ice cream using our system that includes methods, standards, merchandising, marketing, décor, recipes, products and services, specifications, and procedures under the name Hokulia® and other proprietary marks. The drive-thru franchise authorizes you to engage in the operation of a year-round Hawaiian shave ice business selling shave ice, and ice cream and some food items, using our system that includes methods, standards, merchandising, marketing, décor, recipes, products and services, specifications, and procedures under the name Hokulia® and other proprietary marks. The inline store franchise authorizes you to engage in the operation of a Hawaiian shave ice business selling smoothies, shave ice, ice cream and other frozen desserts and other food items using our system that includes methods, standards, merchandising, marketing, décor, recipes, products and services, specifications, and procedures under the name Hokulia® and other proprietary marks. Our system also includes, among other things, an operations manual and other confidential business information, operating procedures, marketing concepts, and specifications for a food service business as appropriate. As a Hokulia® franchisee, you will have the opportunity to use the Hokulia® system only at a specific approved location within an approved territory. The mobile kiosk business will be operated on a seasonal basis. The season will depend on your territory and the average weather patterns in the territory. Because the business is temporary or seasonal, you may be required to store your moveable kiosk during winter months.

You will be required to purchase specific materials, supplies and equipment and strictly follow our standards, methods, policies and procedures in the operation of your franchise business, which are more particularly described in our franchise agreement attached as Exhibit "A" to this disclosure document and our operations manual.

You receive the option either to open a single franchise unit, or to enter into an area developer agreement under which you may open and develop multiple units. The number of units to be developed will be negotiated in the area developer agreement. See Exhibit "H" attached to this disclosure document. Unless specifically stated otherwise, the disclosures for an area developer are the same as a single unit franchisee.

You will be provided a territory limiting our ability to operate or establish other franchises using the Hokulia® system within your territory (See Item 12). You will have the right to operate from a single location within the territory.

General Description of Market and Competition

The general market for selling shave ice, ice cream and other frozen desserts is well developed, and you will be required to compete for potential customers in your territory. No studies or surveys have been done to determine a need for these products within your territory. You will typically compete with other established shave ice snow cone, ice cream, frozen yogurt and other frozen dessert stores, kiosks and movable units. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Hokulia® franchises operated by us or other franchisees outside your territory.

The mobile kiosk business is only operated seasonally, but the drive-thru and inline store concept are open year-round. All the concepts may have increased sales in the warmer months due to the nature of the product.

Laws and Regulations

You will be required to obtain a business license in your state, and follow OSHA, the Affordable Care Act, the Patriot Act, the Americans with Disabilities Act ("ADA"), EPA laws and regulations as well as other laws and regulations that apply to businesses generally. There are no specific laws or regulations that govern this industry and some states may have more or less regulations due to the fact that the franchise may be considered a temporary business.

In addition to laws and regulations that apply to businesses generally, your franchise may be subject to federal, state, and local regulations and guidelines governing the food service industry. The Food and Drug Administration, the United States Department of Agriculture and other food industry organizations, including the National Restaurants Association, have established rules affecting the restaurant industry. You must comply with federal, state, and local health and consumer protection laws and regulations concerning food preparation, food handling (you may be required to obtain a food handler's permit), storage, "truth in menu" laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, including minimum age and minimum wage laws. You may also be subject to the rules established by the Federal Trade Commission, along with regulation enacted by certain state agencies.

You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. You should be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. State or federal entities may require you to have a permit as a water provider. The details of state, county and local laws and regulations vary from place to place. You must research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are

solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city or town.

ITEM 2
BUSINESS EXPERIENCE

President/CEO/Director: Michael Farr

Michael Farr has been the President and CEO and a Director of Hokulia Franchising, Inc. since its inception in August 2012. Since April 2009 he has been the President and CEO and a Director of Farr's Fresh, Inc. Mr. Farr is also the President and CEO of Asael Farr & Sons Company, in Ogden, Utah and has been employed with them since 1982.

Executive VP/Director: Darin D. Farr

Darin Farr has been the Executive Vice President and a Director of Hokulia Franchising, Inc. since its inception in August 2012. Darin Farr has been the Executive Vice President and a Director of Farr's Fresh Franchising, Inc. since its inception in November 2009. Since April 2009 he has been the Executive Vice President and a Director of Farr's Fresh, Inc. Mr. Farr is also the Executive Vice President of Asael Farr & Sons Company of Ogden, Utah and has been employed with them since September 1984.

CFO/Director: Nathan S. Farr

Nathan Farr has been the Chief Financial Officer and a director of Hokulia Franchising, Inc. since its inception in August 2012. Nathan Farr has also been the Chief Financial Officer and a Director of Farr's Fresh Franchising, Inc. since its inception in November 2009. Since April 2009 he has been the CFO and a Director of Farr's Fresh, Inc. He is also the Vice President of Finance for Asael Farr & Sons Company in Ogden, Utah and has been employed with them since October 1991.

Vice President of Franchise Sales and Legal: Mark R. Gilleland

Mark Gilleland has been Vice President of Administration, Sales, and Legal since January 2018. Previously he was the Chief Operating Officer and a Director of Hokulia Franchising, Inc. from its inception in August 2012 until January 2018. He also works with our affiliate companies, Farr Better Franchising, Inc. and HKWM Franchising, Inc. as the Vice President of Franchise Sales and Legal.

Vice President of Marketing and Finance: Gregory G. Nichols

Greg Nichols has been the Vice President of Marketing and Finance since January 2018. Previously he was the Vice President of Operations for Hokulia Franchising, Inc. from its inception in August 2012 until January 2018. He also works with our affiliate companies, Hokulia Franchising, Inc. and HKWM Franchising, Inc., as the Vice President of Marketing and Finance.

Director of Franchise Development: Robert A. Strong

Bob Strong has been the Director of Franchise Development for Hokulia Franchising, Inc. since its inception in August 2012. He has also been with Farr's Fresh Franchising as the Director of Franchise Development since February 2012. He also works with our affiliate companies, Farr Better Franchising, Inc. and HKWM Franchising, Inc., as the Director of Franchise Development.

Vice President of Franchise Store Operations: Clint Severson

Clint Severson has been the Vice President of Franchise Store Operations since January 2018. Previously, he was the Director of Concept Development for Hokulia Franchising, Inc. from its inception in August 2012 until January 2018. Prior to that he assisted in operations of a Hokulia Shave Ice Shack in Provo, Utah from May 2009 to August 2012.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this item.

ITEM 5
INITIAL FEES

Mobile Kiosk Franchise

You receive the option either to open a single franchise unit, or to enter into an area developer agreement under which you may open and develop multiple units. The initial franchise fees for a single unit franchise is $15,000. If you purchase 2 units, the fee is $28,000. If you purchase 3 units, the fee is $35,000. Each unit to be developed under an area developer agreement must be paid upon the signing of the area developer agreement. If you elect to enter into an area developer agreement, then the franchise agreement for all units to be developed must be signed at the same time as the area developer agreement.

Inline Store Franchise and Drive-Thru Franchise

The fee for an inline store or drive-thru Hokulia® franchise is $40,000.

Opening Inventory Package

You will be required to purchase an opening inventory package from our affiliate, prior to the opening of each franchise unit, at a cost of between $5,000 and $7,000 per unit for a drive

thru and inline store franchise and $2,000 - $3,000 for a mobile kiosk franchise. The opening inventory package includes the following items: syrups, toppings, paper products, uniforms and other food items. If you are opening multiple units, you will have to purchase an opening inventory package for each unit as each unit is opened.

Grand Opening Marketing

You will also pay us a grand opening marketing fee of $500. This amount may be reimbursed to you upon a showing that you have followed our grand opening marketing plan by providing us with the appropriate receipts. If you are opening multiple units, you will have to pay this fee for each unit as each unit is opened.

These costs and fees are uniform and are non-refundable for all franchisees.

ITEM 6
OTHER FEES[1]

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty[1, 2, 3]	6% of gross sales	Payable weekly by Tuesday of the following week (sales week runs Monday - Sunday). We require the royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program.	Gross sales include all revenue from the franchise business but does not include sales tax or bona fide credits.
Marketing Fee[1,2,3]	2% of gross sales payable to us.	Payable weekly by Tuesday of the following week. We require marketing fees to be paid in accordance with our electronic funds transfer or automatic withdrawal program.	The marketing fee may be used by us for national or regional marketing, brand development, as we choose.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Marketing Cooperative	Up to the amount of gross sales required to be spent locally by you, payable to the co-op, if established by us.	Payable weekly by Tuesday of the following week. We reserve the right to require cooperative marketing fees to be paid in accordance with an electronic funds transfer or automatic withdrawal program as developed	If we form a local marketing co-op in your area, any marketing expenditures you pay to the co-op is credited against your local marketing obligation. Company owned franchises, if any, must participate in the co-op if formed, and will not control voting.
Local Marketing Requirement	1% of gross sales	Payable weekly	You will spend at least this amount every month to market your franchise business locally. We may increase the required local marketing amount. We may require you to contribute all or a portion of your local marketing to a regional cooperative. After 3 years we may increase the local marketing fee to require you to spend up to 3% locally.
Training[2]	No fee for up to 3 attendees	Not Applicable	You must pay all your own travel, lodging and food expenses, for yourself and your attendees, while attending training. If you wish to have additional people attend training or request additional days of training, there is a fee of $100/day for each attendee. See Item 11.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Training	Our then-current fee for additional training. Currently the fee is $100/day for each attendee, plus travel, food, lodging, and other expenses	Not Applicable	We require any new manager to be trained by us. You must pay the cost of travel, lodging and food expenses for your manager while attending this additional training.
Additional On-Site Assistance[2]	Our then-current fee for additional training. Currently the fee is $300 per day per representative, plus travel, food, and lodging expenses of our representative(s) or the current fee in effect at the time.	In advance	We can adjust this fee at any time. The current fee will be listed in the manuals. We provide additional on-site consulting assistance as reasonably requested by you, or as required by us. See Item 11.
Relocation Fee	$2,000	At the time of relocation request	Payable if you request to relocate your premises/kiosk to a new territory or adjacent territories.
Transfer Fee	$10,000	At time of approved transfer	Payable when you sell your franchise and prior to our signing any approval or new agreement. No charge if franchise is transferred to an entity that you own 60% or more and control. You cannot sell or transfer an undeveloped territory. The franchise unit must be open prior to any sale or transfer to a third party.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Late Charges	Currently the fees are: $50 per day for each late payment or report, up to $200 per late payment or report, plus 18% interest (or the maximum allowed under state law (whichever is less))	Payable with royalty or reports or on demand	Charges and interest begin to accrue after the due date of any royalty, fee report or other required payment. California only allows 10% interest. We can adjust these fees at any time.
Successor Franchise Fee[1,2]	$2,500	Prior to your entering into a successor franchise agreement	Payable prior to your entering into a successor franchise agreement if you elect to continue your franchise after the initial term. Renewal is available to you only if you meet each of the requirements for renewal described in the franchise agreement at the time the renewal election must be made.
Testing or Supplier Approval Fee	Reasonable expenses, at cost	Before we approve suppliers and in advance of testing or review analysis	Payable if you want to have unapproved suppliers or products tested or reviewed for our approval (see Item 8).
Fees on Default and Indemnity[2]	Attorney's fees, costs, and interests	On demand, as incurred	Paid in addition to other payments to us.
Audit Charge	Cost of audit	On billing	Payable only if an audit shows an understatement of 2% or more of gross sales or records are unavailable.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Operation of your business in the event of your incapacity or death; interim management fee[2]	Our then-current fee; currently the fee is $300 per day, per representative, or our then current rate, plus food, travel and lodging for our representative(s) and other expenses which may be incurred by us to perform such services.	Time of service	If we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death, or if you are not in compliance to prevent harmful interruption of your business. We can adjust this fee at any time.
Additional copies of marketing materials	Cost, plus 10% for shipping and handling.	Time of delivery	You will receive one copy of marketing and promotional materials at no cost to you, other than shipping and handling, if mailed.
System non-compliance fines and charges	Amount to be specified in the operations manual. Currently ranges between $250 and $5,000.	As Incurred	To be paid in accordance with our electronic funds transfer or automatic withdraw program. Payable upon demand if you fail to correct deficiencies or non-compliance with our system.
Non-Compete Violation	$75,000 for each competing business, plus our then-current royalty rate for all gross sales from the competing business(es).	Upon Violation	If you violate the non-compete covenants in the franchise agreement, area developer agreement or any related agreements or if you use our system without our approval or permission. This does not apply to other violations of the franchise agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Consumer Complaint Resolution Fee	$50 per incident, plus our costs	When we receive customer complaint	If you do not resolve a customer complaint and we are required to assist them, you must reimburse us for any of our costs to respond to and compensate complaints from your customers.
Post-Termination Fees	Varies	As incurred	You will be responsible to pay us any post-termination expenses, including attorney's fees and costs to enforce your post-term obligations.

NOTES

[1] Royalty and Other Fees. Except as shown in the remarks column, all fees are imposed and payable to us. All fees are uniform and non-refundable. If a sales or similar tax is assessed on the royalties or marketing fees, you may be required to pay us or the taxing authority the amount of this tax. We have the right to require you to establish a bank, sweep, draft or other similar type of electronic funds transfer ("EFT") account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due to us.

[2] Indemnity. You must indemnify us from and against any and all claims or damages regarding the conduct and operation of your franchise.

[3] Reports. You must submit to us a gross weekly sales report, which will include all revenue, derived from your franchise business during the prior week. You must also submit to us a copy of your monthly state and local sales tax report and a monthly profit and loss statement and balance sheet for your franchise. We must receive these reports by the 15th of the following month.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Mobile Kiosk Franchise)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
1. Initial Franchise Fee	$15,000 - $35,000 (Note 1)	Lump Sum	At Signing	Us
2. Travel and living expenses while training	$300 - $5,000 (for 2 people trained) (Note 2)	As Incurred	During Training	Airlines, Hotels and Restaurants
3. Hokulia® Mobile Kiosk, and Kitchen Equipment	$47,500 - $75,500 (Note 3)	As Incurred	As Incurred	Vendors and Contractors
4. Hardware/Software, and Small Wares	$2,000 - $6,000 (Note 4)	As Incurred or Leased	Before Opening	Vendors
5. Signs	$0 – $1,500 (Note 5)	As Incurred	Before Opening	Suppliers
6. Grand Opening Marketing	$500 (Note 6)	Lump Sum	At Signing	Us
7. Misc. Opening Costs (including deposits, licenses, and fees)	$1,400 - $7,000 (Note 7)	As Incurred	As Incurred	Suppliers, Utilities, Etc.
8. Opening Inventory	$2,000 - $3,000 (Note 8)	Lump Sum	Before Opening	Our affiliate and other Suppliers
9. Marketing - 3 months	$500 - $4,500 (Note 9)	As Incurred	As Incurred	Us and Vendors

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
10. Additional Funds – 3 months	$1,500 - $15,000 (Note 10)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc.
*TOTAL	$70,700- $153,000 (Note 11)	***Does not include royalties or marketing fees and does not include the cost to rent a location for placement of the mobile kiosk.**		

NOTES

[1] Franchise Fee. The initial franchise fee varies depending on whether you elect to open a single unit or to enter into an area developer agreement for multiple units. If you elect to open a single franchise unit, then the price is $15,000. If you elect to enter an area developer agreement, then the price will vary depending on the number of franchise units opened under the area developer agreement. These prices include $28,000 for 2 units and $35,000 for the 3 units. The initial fee is not refundable. We do not finance any portion of this fee.

As a franchisee, you may elect to enter into an area developer agreement, which provides the right to develop multiple franchises over a negotiated period of time. If you elect to enter into an area developer agreement, we will require you to sign an area developer agreement with us which gives you the right to develop either 2 or 3 franchise units. This area developer agreement provides you with the development schedule for the units to be opened over a negotiated period of time. Additionally, you will sign an individual franchise agreement for each unit which governs the relationship between us and the individual unit. You will be required to immediately begin the process of developing the first unit as soon as possible after signing area developer agreement and the initial franchise agreement. The remaining franchise units will be developed over time in accordance with the development schedule in the area developer agreement.

The estimated investment numbers listed in this chart are for the development of a single franchise unit only, but the range listed includes the initial franchise fees (area development fee) for all the units to be developed pursuant to an area developer agreement. If you elect to enter into an area developer agreement, you will have additional costs as you develop the additional units.

[2] Training. You are responsible to pay all travel, living, and other associated training expenses for yourself and your employees during training, directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). You are required to attend training and must bring one other person, who will assist in management of the franchise business. It may cost you more for your travel to attend training depending on where you are located.

[3] Hokulia® Mobile Kiosk and Kitchen Equipment. You must purchase a Hokulia® Mobile Kiosk and lease a suitable location to place your Hokulia® Mobile Kiosk. We must approve your location. Costs of commercial property leases vary widely based on location, terms

of the lease, the total area of your space. Your landlord may provide you with a tenant improvement allowance as part of your lease. We have not included an amount for the lease of real property because it is impossible to estimate and varies widely per location. Generally, you will lease space in the parking lot of another business. You should review these costs with a commercial real estate agent and other professionals. Your space will vary depending on your needs, but we estimate you will need between 10 to 20 parking stalls of space around your mobile kiosk. Depending on the terms of your lease agreement, the requirements of your landlord, zoning, other laws, ordinances or regulations, and the climate in your territory, you may be required to move and possibly store your mobile kiosk. You will need access to a vehicle for any transportation of your mobile kiosk. Assuming you do not already have access to a vehicle, we estimate that you will be able to rent a vehicle for this transport for approximately $100-$200.

You will be required to purchase certain equipment for shaving ice and freezing or cooling items. We estimate this cost to range between $8,500 and $28,500 depending on the number of shave machines required for the size of the franchise business.

[4] Hardware/Software and Small Wares. You will be required to purchase a tablet based POS system and an office computer. You must negotiate all purchase agreements or leases with suppliers. For any items purchased from us, we require immediate payment. We reserve the right to independently access any information or reports generated by you on this computer system. We require you maintain this information for us (see Items 8 and 11). This amount also includes an estimate for the cost of small wares for your mobile kiosk.

[5] Signs. You must purchase at least one exterior sign displaying the trademark, a menu board and an interior sign package. These signs are part of the outside design for your mobile kiosk and the costs are included in the costs of the mobile kiosk. All signs must conform to our specifications.

[6] Grand Opening Marketing. You must pay us to assist with your grand opening marketing. However, this amount may be reimbursed to you upon a showing that you have followed our grand opening marketing plan by providing the appropriate receipts.

[7] Miscellaneous Costs. These miscellaneous costs include utility costs, business entity organization expenses, employee training, deposits, insurance and licenses. You must obtain comprehensive general liability insurance, workers' compensation insurance and other insurances we specify in the franchise agreement and the operations manual.

[8] Opening Inventory. Opening inventory items include things such as syrup, ice cream cores, custard cores and frozen yogurt cores, toppings, paper products, uniforms and other food items as required by us. The cost will vary depending on your inventory levels. This includes the opening inventory package that you are required to purchase from us or our affiliate at a cost of between $1,500 and $3,000 depending on the items purchased. Payment to us or our affiliate is not refundable.

[9] Marketing. Marketing is essential to the successful operation of your franchise business. We will assist you with the initial grand opening marketing (see note 6 above). This estimates

the costs of additional marketing and promotional materials used for in-house marketing such as placards, posters, brochures, etc., as well as general and promotional marketing. We must approve all marketing in writing. You cannot establish a website or social networking site, or market on the Internet without our prior written approval.

[10] Additional Expenses. This estimates other initial start-up expenses that you may incur. You also need to budget for salaries and labor. Employee compensation is between you and your employee and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you need to include an amount payable to you.

[11] Total. These figures are estimates for the development of one franchise unit and we cannot guarantee that you will not have additional expenses starting your franchise business. These are only an estimate for the development of the first unit. If you entered into an area developer agreement, you will be required to develop 1-2 additional units. Your costs will depend on factors such as: how well you follow our method and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item. We relied on the experience of our principals to compile these estimates.

YOUR ESTIMATED INITIAL INVESTMENT
(Drive-Thru Franchise)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
1. Initial Franchise Fee	$40,000 (Note 1)	Lump Sum	At Signing	Us
2. Travel and Living Expenses While Training	$500 - $3,500 (for 2 people trained) (Note 2)	As Incurred	During Training	Airlines, Hotels and Restaurants
3. Construction Costs (not including real estate lease or purchase)	$150,000 - $426,000 (Note 3)	As Incurred	As Incurred	Vendors and Contractors
4. Equipment and Small Wares	$51,000 - $108,000 (Note 4)	As Incurred or Leased	Before Opening	Vendors

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
5. Signs	$10,000 - $50,000 (Note 5)	As Incurred	Before Opening	Suppliers
6. Grand Opening Marketing	$500 (Note 6)	Lump Sum	At Signing	Us
7. Misc. Opening Costs (including deposits, licenses, and fees)	$2,300 - $20,000 (Note 7)	As Incurred	As Incurred	Suppliers, Utilities, Etc.
8. Opening Inventory	$7,000 - $14,000 (Note 8)	Lump Sum	Before Opening	Our affiliate and other Suppliers
9. Marketing - 3 months	$500 - $10,000 (Note 9)	As Incurred	As Incurred	Us and Vendors
10. Additional Funds – 3 months	$5,000 - $50,000 (Note 10)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc.
*TOTAL	$266,800 - $722,000 (Note 11)	***Does not include royalties or marketing fees and does not include the cost to lease or purchase a location for your drive-thru building.**		

NOTES

[1] Franchise Fee. The initial franchise fee is due at the signing of the franchise agreement. It is not refundable.

[2] Training. You are responsible to pay all travel, living, and other associated training expenses for yourself and your employees during training, directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). You are required to attend training and must bring one other person, who will assist in management of the franchise business. It may cost you more for your travel to attend training depending on where you are located.

[3] Construction Costs. You must build, purchase or lease a suitable location for your drive-thru Hokulia® franchise. We must approve of your location. Costs of commercial property or leases and improvements vary widely based on location, terms of the lease, the total area of your space as well as construction and material costs. The low end of this estimate is if you are able to find a location to remodel or refurbish. We have not included an amount for the lease or purchase of real property because it is impossible to estimate and varies widely per location. You should

review these costs with a local contractor, commercial real estate agent, architect and other professionals. Your space will vary depending on your needs, but we estimate you will need approximately 700 square feet. We do not provide standard plans and specifications for construction of improvements, so you must retain an architect to help with the design; however, you are required to follow our décor specifications and all plans must be approved by us.

[4] Equipment and Small Wares. You will be required to purchase certain equipment for shaving ice and freezing or cooling items. You will be required to purchase a POS system and an office computer. This amount also includes an estimate for the cost of small wares. You may choose to lease some of the equipment for a monthly cost rather than paying for it upfront. The lower number reflects this option. You must negotiate all purchase agreements or leases with suppliers. For any items purchased from us, we require immediate payment.

[5] Signs. This is for exterior signage. You must purchase at least one exterior sign displaying the trademark, and a menu board, but more signs may be required if you have an end unit or monument(s) available for signage. All signs must conform to our specifications.

[6] Grand Opening Marketing. You must pay us to assist with your grand opening marketing. However, this amount may be reimbursed to you upon a showing that you have followed our grand opening marketing plan by providing the appropriate receipts.

[7] Miscellaneous Costs. These miscellaneous costs include utility costs, business entity organization expenses, employee training, deposits, insurance and licenses. You must obtain comprehensive general liability insurance, workers' compensation insurance and other insurances we specify in the franchise agreement and the operations manual.

[8] Opening Inventory. Opening inventory items include things such as syrup, ice cream cores, custard cores and frozen yogurt cores, toppings, paper products, uniforms and other food items as required by us. The cost will vary depending on your inventory levels. This includes the opening inventory package that you are required to purchase from us or our affiliate. Payment to us or our affiliate is not refundable.

[9] Marketing. Marketing is essential to the successful operation of your franchise business. We will assist you with the initial grand opening marketing (see note 6 above). This estimates the costs of additional marketing and promotional materials used for in-house marketing such as placards, posters, brochures, etc., as well as general and promotional marketing. We must approve all marketing in writing. You cannot establish a website or social networking site, or market on the Internet without our prior written approval.

[10] Additional Expenses. This estimates other initial start-up expenses that you may incur. You also need to budget for salaries and labor. Employee compensation is between you and your employee and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you need to include an amount payable to you.

[11] Total. These figures are estimates for the development of one franchise unit and you may have additional expenses starting your franchise business. Your costs will depend on factors such as: how well you follow our method and procedures; your management skill, experience

and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item. We relied on the experience of our principals to compile these estimates.

YOUR ESTIMATED INITIAL INVESTMENT
(Inline Store Franchise)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
1. Initial Franchise Fee	$40,000 (Note 1)	Lump Sum	At Signing	Us
2. Travel and Living Expenses While Training	$500 - $3,500 (for 2 people trained) (Note 2)	As Incurred	During Training	Airlines, Hotels and Restaurants
3. Construction Costs (not including real estate purchase or lease)	$106,000 - $455,000 (Note 3)	As Incurred	As Incurred	Vendors and Contractors
4. Equipment, Furniture, Small Wares, and Interior Signage	$73,000 - $142,000 (Note 4)	As Incurred or Leased	Before Opening	Vendors
5. Signs	$10,000 - $50,000 (Note 5)	As Incurred	Before Opening	Suppliers
6. Grand Opening Marketing	$500 (Note 6)	Lump Sum	At Signing	Us
7. Misc. Opening Costs (including deposits, licenses, and fees)	$2,300 - $20,000 (Note 7)	As Incurred	As Incurred	Suppliers, Utilities, Etc.
8. Opening Inventory	$7,000 - $14,000 (Note 8)	Lump Sum	Before Opening	Our affiliate and other Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
9. Marketing - 3 months	$500 - $10,000 (Note 9)	As Incurred	As Incurred	Us and Vendors
10. Additional Funds – 3 months	$5,000 - $50,000 (Note 10)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc.
*TOTAL	$244,800 - $785,000 (Note 11)	***Does not include royalties or marketing fees and does not include the cost to purchase or lease a location.**		

NOTES

[1] Franchise Fee. The initial franchise fee is due at the signing of the franchise agreement. It is not refundable.

[2] Training. You are responsible to pay all travel, living, and other associated training expenses for yourself and your employees during training, directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). You are required to attend training and must bring one other person, who will assist in management of the franchise business. It may cost you more for your travel to attend training depending on where you are located.

[3] Construction Costs. You must purchase or lease a suitable location for your inline store Hokulia® franchise. We must approve of your location. Costs of commercial property or leases and improvements vary widely based on location, terms of the lease, the total area of your space as well as construction and material costs. We have not included an amount for the lease or purchase of real property because it is impossible to estimate and varies widely per location. You should review these costs with a local contractor, commercial real estate agent, architect and other professionals. Your space will vary depending on your needs, but we estimate you will need approximately 1,200 square feet. The low end of the estimate takes into account getting a tenant improvement allowance from the landlord. The high end includes the cost of a drive through window. We do not provide standard plans and specifications for construction of improvements, so you must retain an architect to help with the design; however, you are required to follow our décor specifications and all plans must be approved by us.

[4] Equipment, Furniture, Small Wares and Interior Signage. You will be required to purchase certain equipment for shaving ice and freezing or cooling items. You will be required to purchase a POS system and an office computer. You must purchase the signs and TVs, as required by us, for your interior. This amount also includes an estimate for the cost of small wares. You may choose to lease some of the equipment for a monthly cost rather than paying for it upfront. The lower number reflects this option. You must negotiate all purchase agreements or leases with suppliers. For any items purchased from us, we require immediate payment.

[5] Signs. This is for exterior signage. You must purchase at least one exterior sign displaying the trademark, and a menu board, but more signs may be required if you have an end unit or monument(s) available for signage. All signs must conform to our specifications.

[6] Grand Opening Marketing. You must pay us to assist with your grand opening marketing. However, this amount may be reimbursed to you upon a showing that you have followed our grand opening marketing plan by providing the appropriate receipts.

[7] Miscellaneous Costs. These miscellaneous costs include utility costs, business entity organization expenses, employee training, deposits, insurance and licenses. You must obtain comprehensive general liability insurance, workers' compensation insurance and other insurances we specify in the franchise agreement and the operations manual.

[8] Opening Inventory. Opening inventory items include things such as syrup, ice cream cores, custard cores and frozen yogurt cores, toppings, paper products, uniforms and other food items as required by us. The cost will vary depending on your inventory levels. This includes the opening inventory package that you are required to purchase from us or our affiliate. Payment to us or our affiliate is not refundable.

[9] Marketing. Marketing is essential to the successful operation of your franchise business. We will assist you with the initial grand opening marketing (see note 6 above). This estimates the costs of additional marketing and promotional materials used for in-house marketing such as placards, posters, brochures, etc., as well as general and promotional marketing. We must approve all marketing in writing. You cannot establish a website or social networking site, or market on the Internet without our prior written approval.

[10] Additional Expenses. This estimates other initial start-up expenses that you may incur. You also need to budget for salaries and labor. Employee compensation is between you and your employee and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you need to include an amount payable to you.

[11] Total. These figures are estimates for the development of one franchise unit and you may have additional expenses starting your franchise business. Your costs will depend on factors such as: how well you follow our method and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item. We relied on the experience of our principals to compile these estimates.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Proprietary Products

You must purchase the following products and services from us or other sources designated or approved by us:

- All food and beverage items
- All syrups
- Select toppings
- Select paper products
- P.O.S. system and software
- All products bearing our trademarks
- Equipment, furniture and fixtures
- Décor and signs
- Marketing
- Credit card processing

You are also required to purchase signs and other items used in your business in accordance with our specifications and standards. Specifications and standards are provided to you through our operations manual and may be updated or modified by us periodically. If a designated supplier cannot supply a product, we will provide you with specifications for the product and/or designate a new designated supplier. We reserve the right to require that all items bearing our trademark be purchased from us or other sources designated or approved by us. All approved suppliers and specifications are made available to you before the beginning of operations. We consider our specifications to be of critical importance to the success of the system. As to these matters, you must deal only with suppliers approved by us. You may be assessed fines and charges, in accordance with our operations manual, for purchasing, using or selling unapproved products or using unapproved or undesignated suppliers.

Occasionally, you will be required to buy special promotional items such as marketing materials, related products and goods from us or from vendors we name regarding a promotional program or marketing strategy. In addition, we may enter into other contracts with suppliers for equipment, software and paper good items. Pursuant to these arrangements or contracts, you will be required to purchase these goods from the designated or approved suppliers. We estimate that the purchase of products from designated or approved sources will represent approximately 90% to 100% of your overall purchases in opening your franchise business and 90% to 100% of your overall purchases in operating your franchise business.

At this time, there are no purchasing or distribution cooperatives. We have negotiated some purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers (for example, grant renewals or additional franchises to franchisees based on purchases).

We may derive income through mark-ups in prices we charge to you for goods and services sold or provided by us or affiliates and from payments from suppliers for purchases made by you. Generally, any payments are part of the negotiation for group pricing and any income we may derive is used for our convention or added to the marketing fund. Currently, we have negotiated to receive payments from suppliers ranging from less than 2% to 15%, depending on the product/service. We estimate that any mark-up or payment will not be more than 20% for each good or service depending on the product and supplier. In the year ending December 31, 2017 our revenues from the sale of products and services to franchisees was $0, or 0% of our total revenues of $$282,748. Our affiliate, Asael Farr & Sons Company, derived revenues of $295,320 in 2017 from the sale of required products or services to our franchisees.

The franchise agreement requires that the food and beverage items, equipment and services required for the operation of your franchise business and other items sold by you must be purchased solely from approved suppliers that meet our specifications. Our specifications include standards for delivery, performance, quality, design and appearance. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system.

Michael Farr, Darin Farr and Nathan Farr have an ownership interest in our affiliate, Asael Farr & Sons Company, one of our designated suppliers of syrups, ice cream cores, and other certain food items. At this time Asael Farr & Sons Company is the only approved supplier of the ice cream cores, toppings and syrups.

Non-Approved Suppliers

Except for certain trademark and private label items and designated source items described above, if you desire to use a particular supplier and if that supplier meets the specifications and requirements of our system, at our discretion, we may approve the supplier to become an approved supplier.

You may establish suppliers on the approved list by making appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the suppliers' production and delivery capabilities and the financial condition of the supplier; the ability and willingness of the supplier to train you and us on the effective and safe use of the product and the supplier's professional competence and performance abilities.

If you desire to purchase any items from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether any of these items meet our specifications. Before testing, reviewing and approval, you will be required to pay a testing and reviewing fee covering our reasonable expenses and costs of testing. The testing fees are not refundable whether or not we approve of a supplier, item, or product. We will notify you in writing, within 60 days as to whether these services or products meet our specifications. We may, occasionally, make changes or alterations in the standards and specifications for the above

items and approved suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days written notice to you.

Insurance

In addition, you are required at your own expense to keep in full force, by advance payment(s), during the entire term of the franchise the following minimum insurance policies, which minimums may be adjusted periodically:

(a) Liability Insurance. General liability insurance insuring against all liability resulting from damage, injury, or death occurring to all persons or property in or about the franchise business premises (including products liability insurance), the liability under such insurance to be not less than $1,000,000 per occurrence and $2,000,000 in the aggregate or leasehold minimum, whichever is greater (combined single limit for personal injury, including bodily injury or death, and property damage).

(b) You must also maintain and keep in force all worker's compensation and employment insurance on your employees that is required under the applicable laws of the state in which your franchise business is located.

These policies will insure both you and us and our officers and directors and nominees as additional insureds against any liability which may accrue by reason of your ownership, maintenance or operation of the franchise business wherever it may be located. These policies will stipulate that we will receive a 30-days written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment within 30 days of issuance. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us the premium costs upon our demand. Failure to obtain and maintain the required insurance constitutes a material breach of the franchise agreement entitling us to terminate the agreement. You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage. We do not derive revenue as a result of your purchase of insurance.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 4.1 of the franchise agreement	Item 11
b.	Pre-opening purchases/leases	Paragraphs 6.1.3, 6.1.9, 6.1.12 and 6.1.13 of the franchise agreement	Item 8
c.	Site development and other pre-opening requirements	Section 4.2 of the franchise agreement	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and section7.4of the franchise agreement	Item 11
e.	Opening	Section 4.3 and paragraph 7.1.3 of the franchise agreement	Item 11
f.	Fees	Article V of the franchise agreement	Items 5 and 6
g.	Compliance with standards and policies/operating manual	Section 6.2 and article IX of the franchise agreement	Items 8 and 11
h.	Trademarks & proprietary information	Article III of the franchise agreement	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII of the franchise agreement	Item 8
j.	Warranty and customer service requirements	Paragraph 6.1.2 and section7.3 of the franchise agreement	Item 11
k.	Territorial development and sales quota	Not Applicable	Item 12
l.	Ongoing product/service purchases	Article VIII of the franchise agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraph 6.1.8 of the franchise agreement	Item 11
n.	Insurance	Paragraph 6.1.10 of the franchise agreement	Item 8
o.	Advertising	Article X of the franchise agreement	Items 6 and 11
p.	Indemnification	Section 15.2 of the franchise agreement	Item 6
q.	Owner's participation/ management/staffing	Paragraphs 6.1.6 and 6.1.7 of the franchise agreement	Items 11 and 15

	Obligation	Section in Agreement	Disclosure Document Item
r.	Records and reports	Sections 5.4 and 5.5 of the franchise agreement	Item 6
s.	Inspections and audits	Sections 5.5, and 7.5 and paragraph 6.2.2(iv) of the franchise agreement	Items 6 and 11
t.	Transfer	Article XIV of the franchise agreement	Item 17
u.	Renewal	Section 2.2 of the franchise agreement	Item 17
v.	Post-termination obligations	Section 12.1 of the franchise agreement	Item 17
w.	Non-competition covenants	Article XVI of the franchise agreement	Items 14, 15 and 17
x.	Dispute resolution	Article XVII of the franchise agreement	Item 17
y.	Compliance with Government Regulations	Paragraph 6.1.1 of the franchise agreement	Item 12
z.	Guarantee of Franchisee Obligations	Paragraph 6.3.1 of the franchise agreement	Item 15

ITEM 10
FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

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

Except as listed below, Hokulia Franchising, Inc. is not required to provide you with any assistance.

Before you open your franchise business, we will:

Designate your territory and designate the hours and months of operations for your territory [franchise agreement section 1.1].

Make available to you general specifications for the mobile kiosk, décor, signs and equipment. Designate the supplier for the mobile kiosk. You must place the mobile kiosk, at your own expense, in accordance with local, state and federal laws, rules and ordinances with our approval. You are responsible to obtain any required permits [franchise agreement paragraph 7.1.1].

We do not assist in locating a site. That is your responsibility. We must review and approve your proposed site for the operation of the franchise business. You must use an approved broker for the site location. If you cannot find an approved site, we may, in our discretion, terminate the franchise agreement or grant you an extension [franchise agreement section 4.1 and paragraph 4.3.1].

Provide you with the names of approved and designated suppliers [franchise agreement paragraph 7.1.2].

Provide you with a list of specifications for approved products, equipment, supplies and materials. We do not offer assistance in delivery or installation of any of these items [franchise agreement paragraph 7.1.2].

Counsel you in the physical aspects of setting up your mobile kiosk. However, you are required to work directly with the manufacturer or servicer of any required or approved products, equipment, supplies and materials [franchise agreement paragraph 7.1.3 and section 7.2].

Loan you a copy or provide electronic access to our confidential operations manual containing mandatory policies, operating procedures, rules, employee guide, and other information. The operations manual is confidential and will remain our property. You must keep the contents of the manuals confidential. You may not copy any part of the manuals, either physically or electronically. The operations manuals may be developed, modified and supplemented periodically, and the term "manuals" includes all of those documents, as so modified and supplemented [franchise agreement article IX]. The table of contents of the operations manual is described on Exhibit "G" to this disclosure document and is approximately 93 pages.

Consult with you in planning the marketing fee for the opening of your Hokulia® Mobile Kiosk [franchise agreement paragraph 7.1.4].

Training

We provide an initial training program, described in detail below for you and your managers. You and your manager are required to attend and successfully complete a training program which is held at our headquarters in Layton, or at a place designated by us. The training program is held at least quarterly. Our trainers will determine successful completion. Failure to successfully complete training is a default of the franchise agreement.

Upon successful completion, you and your manager will be trained to manage the Hokulia® franchise business. The length of training depends on your prior experience and the type of Hokulia® franchise businesses you are operating but should be 4 days for the seasonal

mobile kiosk and 5 days for the drive-thru or inline franchises and will take place at our headquarters and must be completed four weeks before you may open your franchise business. We will provide the training without an additional fee to you for up to 3 attendees. The cost of travel, meals, lodging and wages must be borne by you. These costs are estimated to be $300 to $3,500 for 2 people trained. If you wish to have additional people attend the training or require or request additional days of training, there is an additional fee of $100 per day for each attendee.

After the initial training, any new manager must be trained by us within a reasonable time. Our fee for this additional training is $100 per person per day to be trained. You must also bear the costs of travel, food, lodging and salaries of your employees during this training. We will train your new manager at your place of business for a fee of not less than $300 per day plus our expenses for transportation, food and lodging of each instructor. We will also train your other employees as requested by you for the same charges and expenses. At this time, refresher courses are not required [franchise agreement section 7.4].

We will provide onsite opening assistance for at least 1 day before your business opening and the day of opening, to train and consult with you in implementing the standardized procedures and techniques essential to the operation of your Hokulia® Mobile Kiosk. Our representative(s) will also consult and assist you and your employees for at least an additional 1 day after opening. If you purchase a 2-pack, we will provide the opening assistance for one of the two openings. If you purchase a 3-pack, we will provide the opening assistance for two of the three openings. If you purchase a 5-pack, we will provide the opening assistance for two of the five openings. We must assist with the opening of your initial franchise, but you decide which openings you would like us to attend after the initial franchise opening [franchise agreement paragraph 7.1.3].

This training is provided by instructors whose experience is described below and in Item 2, if the trainer is part of management. The training program consists generally of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction	1		Layton, Utah
Keys to Success	¾		Layton, Utah
Start-Up Procedures	½		Layton, Utah
Mobile Kiosk Setup	¾		Layton, Utah
Architect	1 ½		Layton, Utah
Equipment	1		Layton, Utah
Personnel Management	½		Layton, Utah

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Work evening shift in store		2 ½	Ogden, Utah
Daily Transactions / Bookkeeping	1		Layton, Utah
Syrup, Ice Cream Cores / Food Sources	2		Layton, Utah
Store Cleanliness	1		Layton, Utah
SSDC Lab	2 ¼		Layton, Utah
Health Guidelines	¼		Layton, Utah
Machine Training	2½		Layton, Utah
Theft Prevention	½		Layton, Utah
Daily Operations	2 ¼		Layton, Utah
Work evening shift in store		2 ½	Ogden, Utah
Work opening shift in store		3 ½	Ogden, Utah
Review	½		Layton, Utah
Financial Management	1		Layton, Utah
Payroll Services	½		Layton, Utah
Press Releases	½		Layton, Utah
Policies and Procedures	½		Layton, Utah
Salesmanship	1		Layton, Utah
Marketing/Marketing	1 ½		Layton, Utah
Depart for Hokulia® Mobile Kiosk	1		Layton, Utah
Work closing shift at store		2 ½	Ogden, Utah
Cash Register	3		Layton, Utah
Customer Service	½		Layton, Utah
Insurance	½		Layton, Utah

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Final Review	1 ½		Layton, Utah
	31 Hours	11 Hours	

Trainer History:

Clint Severson
Clint is the founder of the Hokulia® concept. He has knowledge of the process and the financial and marketing aspects of the business. He has worked in the shave ice business for 6 years, and has worked with us since our inception in 2012.

Greg Nichols
For the past 20 years Greg has worked as a trainer, manager, and an executive in a variety of businesses with direct responsibility for all aspects of operations including but not limited to finance, service, legal, personnel, and marketing, and has worked with us since our inception in 2012.

Mark Gilleland
Mark is part of the team that developed the Hokulia® franchise concept. He is also one of the founding developers of our affiliate, Farr's Fresh® franchise concept. He has worked with us since our inception in 2012.

Janena Gilleland
Janena has extensive years of experience in customer service and has trained employees at previous companies on proper customer service. She has worked with us since our inception in 2012.

Bob Strong
Bob is the director of franchise development. He is also the director of franchise development for our affiliate, Farr's Fresh Franchising and has prior experience in the franchise business. Bob will generally provide training on outreach. He has worked with us since our inception in 2012.

Jeff Sadler
Jeff is a founder of the Hokulia® concept. He has worked in the shave ice business for 5 years. He has worked with us since our inception in 2012.

Site Approval

You will have 30 days to have a site selected for your franchise business. You select your franchise business site within your territory; however, we must approve your location. Our approval is based upon the following general criteria: access, appearance, traffic, general population, number and type of businesses in the territory, parking, square feet, and general vicinity. We do not prepare demographic studies or otherwise evaluate the potential success of

your proposed site, nor do we provide you with a site checklist or other similar information, nor do we warrant or guarantee the success of your location. Site approval should be completed by us and notice provided to you in writing, within 4 weeks or less after you have selected a prospective location [franchise agreement section 4.1]. If you are unable to secure an approved site, an extension may be granted by us, in our discretion, if you can demonstrate a good faith effort in finding an approved site. You must use a local broker in your site selection.

A lease must be in place within 60 days from the date of the franchise agreement. You are required to have the landlord consent to an assignment of the lease before the lease agreement is signed.

You must order your shave ice mobile kiosk within 90 days from the date of the franchise agreement.

You are required to begin operations within 120 days from the date of the franchise agreement or when the average weekly temperature in your territory is 70 degrees Fahrenheit, whichever is later This may be revised depending on the seasonal requirement for your territory. Thereafter, each year you must open your mobile kiosk each year no later than when the average weekly temperature in your territory is 70 degrees Fahrenheit.

Estimated Length of Time Before Opening

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 60 to 120 days. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance and delivery and installation of: furniture, fixtures, equipment, signs, and inventory items.

You must give us at least 15 days written notice before opening your franchise business location. Failure to meet these deadlines may result in a termination of the franchise agreement without a refund [franchise agreement article IV].

During the operation of your franchise business, we will:

We may hold an annual convention to discuss improvements, new developments, mutual concerns and business issues. Attendance is mandatory. Currently, there is no convention fee, but you must pay all your travel and living expenses. After 2017, a fee may be charged for these conferences. These conventions will be held at various locations chosen by us [franchise agreement paragraph 6.1.13].

Establish policies, procedures, standards, specifications, products and services for the operation of your franchise business. We may change, modify or update these procedures, standards, specifications, products and services at our discretion. All modifications will be posted on an online site or through email. You must strictly follow these procedures, standards and specifications as they develop. Failure to do so is grounds for termination of your franchise [franchise agreement section 9.2].

Provide assistance and supervision through our online site, via telephone, emails, teleconferences, website updates and in person at your franchise business location. We may be available for assistance in improving or developing your franchise business, including administrative bookkeeping, accounting, and inventory control procedures. However, for problems and training for the computer system, other equipment and warranty items, you must work directly with your supplier of these items. For our services you will be charged our standard rate in effect at the time. We currently charge a fee of $300 per day per representative, payable in advance, or as otherwise agreed for assistance at your location. You must also pay the cost of travel, meals and accommodations for our representatives [franchise agreement section 7.2]. Although we welcome input and suggestions, we are not obligated to work with you to develop or improve products offered to clients. Any changes or suggestions will be considered work for hire and shall belong to us and may be used by the system.

At our discretion, make periodic inspections of your franchise business for compliance, consultation, assistance, and guidance in all aspects of the operation and management of the franchise business. We may provide a written "Shop Evaluation Report" of any suggested changes or improvements for the operation or management and detail any defaults in operations that become evident as a result of any evaluation and inspection. Additional guidance, at our sole discretion, will be furnished in the form of our manuals, bulletins or other written materials, telephone consultations, email and/or consultations at our offices or at your franchise business in combination with an inspection of such a franchise business [franchise agreement section 7.5].

Provide you with updates to the manuals. We have the right to add to and otherwise modify the confidential written manuals to reflect changes in policies, products, services, specifications, standards and operating procedures, including sales and marketing techniques respecting the franchise business. We will keep a master copy of the confidential operations manual, which will be controlling in the event of a dispute relative to the contents of the confidential operations manual [franchise agreement article IX].

Replace defective products or inventory items purchased directly from us, based on our standard limited warranty [franchise agreement section 7.3].

Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.2].

We may, to the degree permitted by law, suggest retail prices, specify maximum prices above which you will not provide goods or services and you will honor all coupon, price reductions and other programs [franchise agreement paragraph 6.1.11].

We do not assist you with the training, hiring, managing, or firing of your employees. You are solely responsible for hiring all your employees, including managers, and are exclusively responsible for supervising such employees, and for the terms and conditions of their employment and compensation. Other than initial management training, we do not assist you with training your employees [franchise agreement paragraph 6.1.9].

Marketing and Promotion

We are not obligated to, but we may occasionally, provide you with samples of marketing and promotional materials developed by us. Additional copies are available at cost plus 10% for shipping and handling. You may develop marketing materials for your use, at your cost but all marketing material developed or used by you must have our prior written approval. Any marketing you create automatically becomes our property and will be considered "works-made-for-hire" that may be made available for use by us or other franchisees without a fee and without compensation to you. If you do not receive written approval or disapproval within 10 days of the date we received your submission, the materials submitted are deemed approved. We are not required to spend any amount on marketing within your territory; our marketing efforts are designed to benefit the system as a whole [franchise agreement sections 10.3-10.5].

We may also send to you, as available, promotional materials and bulletins on new marketing developments and new or improved techniques [franchise agreement section10.4].

We do not compensate you for services provided by us to customers within your territory.

You must spend at least 1% of your gross sales each month for local marketing. In addition, and upon request, you must submit an itemized report to us documenting proof of expenditures for local marketing in a form we may require. We reserve the right to increase the minimum local marketing requirement if we determine, in our sole discretion, that to do so will be in the best interest of the franchise system [franchise agreement paragraph 5.3.2].

Marketing Fund

We will institute, maintain and administer a national marketing and development fund (referred to as the "marketing fund") for a local or national marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to market and promote. You must contribute 2% of your gross revenue to the marketing fund. Company-owned businesses contribute to this fund on the same basis as the franchisees. We do not have any franchise businesses that do not contribute to the fund. We will direct all national or regional marketing and marketing programs, with sole discretion over: 1) the creative concepts, materials, endorsements and media used regarding these programs (which may include television, radio and print marketing as funds permit); 2) the source of the marketing or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs. We do not use marketing funds to solicit new franchise sales [franchise agreement section 10.1].

Most marketing is done on a local basis, typically by local marketing agencies hired by individual franchisees or marketing cooperatives. We do not provide for placement of local marketing. We reserve the right to use marketing fees from the marketing fund to place marketing in national or regional media (including broadcast, print or other media) including use of the fund to promote Hokulia® products and general brand identification.

We are responsible for administering the marketing fund. We may use the marketing fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in marketing fund activities. We are not required to spend any amount on marketing directly in the area or territory where you are located. Any unused marketing funds in any calendar year will be applied to the following years' fund. You may receive an unaudited annual report of marketing expenditures within ninety (90) days of the end of each year, if requested by you in writing. During the 2017 fiscal year, the marketing funds were used in the following ways: Marketing 20.5% and Marketing Materials 79.5%.

No franchisee marketing council is anticipated at this time.

The Internet

You may not create a website or social networking site or engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction style websites such as eBay™, craigslist or Amazon.com without our permission. If you receive permission for your own website or social networking site from us, all content placed on the site must be pre-approved by us, in writing, and you may be required to use our website designer to create the site for a fee (see Item 6). You may be allowed to place pre-approved information concerning your franchise business on our website and social networking sites such as Facebook, as developed by us. You are required to provide us all usernames, passwords and account information and any other information related to any of your websites and social media and social networking site accounts immediately upon our request. You must strictly comply with the policies and procedures established by us regarding websites, social networking sites, and Internet marketing. Failure to do so may result in termination of your franchise agreement [franchise agreement section 10.6].

Marketing Cooperative

We may also cause the formation of local and/or regional cooperative marketing associations covering those areas as we, in our discretion, deem appropriate, and we may disperse those funds as we believe appropriate from the marketing fund to any local and/or regional cooperative marketing associations for local and/or regional marketing. The area of any cooperative marketing association will be based on geographic regions determined by us. Your geographic area is defined as a market with multiple franchise businesses in the same television, radio and newspaper market. Upon the formation of a local or regional cooperative marketing association, you will be deemed a member of that association as covers the area in which your franchise business is located and you will be bound by any decisions made by the association upon a majority rule by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. We will develop governing documents and make these governing documents available to all franchisees within the cooperative area. At this time these governing documents are not available. Voting will be on the basis of one vote per franchise business in good standing that a franchisee has within the association. You will be required to contribute marketing fees to any local or regional cooperative marketing associations as determined by the cooperative members, but any contribution will not exceed the amount of gross sales required to be spent by you locally. All franchisees or company owned franchises, if

any, within the marketing cooperative area will be required to join and contribute to the fund on the same basis or rate. The cooperative will be required to prepare annual financial statements and these will be available to all franchisees in the cooperative and us, for review. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time [franchise agreement section 10.2].

At this time, you are not required to participate in any other marketing funds.

Computer / Point of Sale System

We may require you to purchase a tablet-based P.O.S. system from a designated supplier. The P.O.S. system may provide:

- Reporting of sales
- Time keeping for employees
- Gift card tracking
- Credit card payment
- Inventory management

You may also have an office computer that meets our specifications. We will have independent access to the information and data collected or generated by the computer and P.O.S. system. There are no contractual limits on our rights to do so. You must keep these systems available for our access 24 hours a day, 7 days a week. You must at all times maintain and frequently check a valid email address, known and available to us, to facilitate our communication with you. We may require updates and upgrades to your computer and P.O.S. hardware and software during the term of the franchise agreement. The maintenance, repair, and upgrade of your hardware and software is at your expense. We require updates and upgrades to the computer software as it becomes available. We estimate that it will cost you at least $500 to receive software upgrades each year. The upgrade of the software is at your expense. You must pay for all maintenance and upgrades to the computer hardware and software. Neither we, our affiliate or a third party is required to provide on-going maintenance repairs, upgrades or updates on software or hardware. There are no contractual limitations to the frequency and cost of the obligation to upgrade the POS or computer system. We have no obligations to provide technical support, maintenance or repair the P.O.S. and computer system. We have used the system since August 2012 [franchise agreement paragraph 6.1.12].

The estimated cost for the purchase of the point of sale system is $2,000.

You may be required to install a compliance monitoring system in your mobile kiosk at reference points designated by us. This compliance monitoring system is not a security system but is a management tool and we are not required to monitor your franchise business. Both you and we will have the right to online access to the compliance monitoring system. By installing the compliance monitoring system, you and your employees are waiving any rights to privacy. You agree to require all your employees to sign a waiver of their right to privacy with respect to the use of this compliance monitoring system. [franchise agreement paragraph 6.1.12(iii)]. The estimated cost of an installed compliance monitoring system is $1,700.

Miscellaneous

We do not provide a standard limited warranty on any required purchases. You must look to the manufacturer for replacement of any defective items [franchise agreement section 7.3].

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to this variance yourself. We may deny any or all of the above services to you while you are in breach of the franchise agreement or in default in the discharge of any of your obligations to us [franchise agreement paragraph 6.2.2].

Area Developer Agreement

Your rights under the area developer agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide a territory where you have the option to develop Hokulia® franchise businesses as provided in the agreement. After you have identified a potential site for a location, we will approve the location for pursuant to your franchise agreement for that franchise location [area developer agreement section 2.1 and franchise agreement section 1.1].

ITEM 12
TERRITORY

Under the franchise agreement, we will grant you the right to use the system and proprietary marks solely within a specific geographic area, the boundaries of which will be negotiated prior to signing and described in the franchise agreement. Your franchise must be operated only from a single location within the territory as approved by us. The location of your franchise business may not be changed without our prior written consent.

You will not be assigned an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

You are granted a protected territory, meaning we will generally not place another Hokulia® franchise unit within 1/2 driving miles of Your Premises, depending on the density of the population and the location of Your Premises. However, if you have a seasonal mobile kiosk franchise, we may sell a year-round drive-thru or inline store franchise in your territory.

We and our affiliates, either personally or through agents and representatives, reserve the right to sell Hokulia® outlets through non-traditional franchises at our discretion, both within and without your territory, without paying compensation to you. These franchises may include locations at convention centers, sporting arenas, airports, military bases or other similar locations. We and our affiliate also reserve the right, to sell, market and distribute Hokulia® products and products under other brands we control both within and outside your territory using other marketing strategies and distribution channels, such as catalogs and other direct sales methods, to or through grocery and convenience stores and wholesale outlets, co-branding with other outlets and the Internet, etc. We do not pay you for soliciting or accepting orders or selling

any products or services through other channels inside your territory. Neither we, nor an affiliate operates, franchises or has a plan to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise, but we reserve the right to do so in the future.

You must obtain our prior written permission if you want to relocate your franchise. Approval to relocate is based upon the same criteria used in approving a new franchisee's proposed site (see Item 11). Other franchisees may market within your territory and you may market within other territories. You do not receive the right or option to acquire additional franchises.

The specific size of your territory is negotiable between you and us based upon the population density, the population base in the territory, whether your location is in a metropolitan or rural area, the type of franchise (mobile kiosk, drive-thru or inline store), and other comparable factors. But generally, we will not place another franchise within ½ driving mile of your location depending on the density of the population and will generally have a population of not less than 50,000 for a mobile kiosk or drive-thru and 100,000 for an inline store. The written boundaries of your territory will be included in your franchise agreement. We have the right to adjust your territory based upon increases in the population in the territory of 50,000 or more. You are restricted to operations from the franchised premises and may not, without our prior written approval, open or operate another franchise business whether inside or outside the territory. You must actively market, promote, develop and sell your franchise products and services in your territory.

We, or our affiliates, either personally or through agents and representatives reserve the right to sell, market and distribute all Hokulia® products and services using our trademark or other different marks or sell, market and distribute other products and services using other principal trademarks or brands we control through other channels of distribution including by direct mail, telemarketing, infomercials, the Internet, general media marketing, through grocery stores and convenience stores, restaurants, wholesale outlets, co-branding with other fast food outlets, retail units, national business accounts both within and without your territory. We or our affiliate, either personally or through agents and representatives, also reserve the right to sell Hokulia® outlets through non-traditional franchises at our discretion both within and without your territory. These franchises may include locations at convention centers, sporting arenas, airports, or other similar locations.

Our affiliate, Asael Farr and Sons Company, operates a scoop and serve ice cream and other frozen desserts stores. Additionally, our affiliate provides products under different trademarks and trade names that are sold in restaurants and other businesses and are supplied in grocery stores, convenience stores and other locations including non-traditional locations.

Previously our affiliate, Farr's Fresh Franchising, Inc. sold franchises that provided frozen yogurt, ice cream, and frozen custard and other related desserts under the name Farr's Fresh® and franchises that provided ice cream and hot dogs under the name Farr's Famous.™

Area Development

You may purchase an area developer package. If so, you will be assigned a limited non-exclusive territory in which to develop your franchise businesses. The size of this territory is to be negotiated based on the number of units, the population density, whether the units will be located in a rural or metropolitan area and other factors. The written boundaries will be included in your area developer agreement. The schedule of units to be developed in your territory is negotiated between you and us. To maintain your territorial rights, you must develop the franchise business in accordance with the development schedule.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use other current or future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office. All required affidavits and renewals have been filed.

Registration/ Serial Number	Word or Design Mark	Registry	Registration/Filing Date	Status
4,334,137	HOKULIA®	Principal	May 14, 2013	Registered.
4,872,970		Principal	December 22, 2015	Registered.
4,612,422		Principal	September 30, 2014	Registered.

You must use all trademarks in strict compliance with our manuals and the Hokulia® system. You must modify or discontinue the use of a trademark at your cost, if we modify or discontinue it. You are prohibited from using any trademark as part of your corporate name, but you must use the name Hokulia® as part of an assumed name or dba registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Hokulia® names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters "TM" or "SM" or "®" as appropriate. You are prohibited from using any trademark in the sale of any unauthorized product or service

or in any manner not expressly authorized in writing by us. You are required to adhere fully and strictly to all security procedures required by us for maintaining the secrecy of proprietary information.

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks.

There are presently no superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate. We are not obligated to protect any rights which you have to use the trademarks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademark.

You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures which are part of our business and agree to execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the trademarks or system belongs exclusively to us.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent and we do not have any pending patent applications with the United States Patent and Trademark Office.

We have not registered the manuals with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we or our parent and affiliate claim protected trade secrets and copyrights in our franchise system, and the recipes and mixes used in the system.

You can use the proprietary information in our operations manual but only in connection with the system. The manual may not be copied. The operations manual must be returned to us upon termination of your franchise. As mentioned above, portions of the "system" are a trade secret or confidential and proprietary to us. You must also promptly tell us when you learn about unauthorized use of this manual and any other proprietary information. We are not obligated to take any action but will respond to this information, as we believe appropriate. If applicable, we have the right to control any administrative proceeding or litigation. We are not required to

defend or indemnify you for any damages from a proceeding based on copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify it, in our reasonable discretion.

With regards to our proprietary information and or system the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trademarks, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

We claim other copyrights in sales literature and marketing materials, which we, or our franchisees develop, and your use of these materials will be limited to the uses required or allowed by us.

There are presently no superior rights in or infringing uses of the copyrights or patents that could materially affect your use of the copyrights or patents in your territory.

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

You are not required to personally participate in the direct on-premise management of the franchise but, we recommend on-site participation. We do require on-premises supervision by you or your designated manager, who has completed training with us, to manage the franchise business. You and your managers must keep free from competing enterprises. Neither you nor your designated manager are required to work a certain or minimum number of hours but, you or your manager must put forth your best efforts and work sufficient hours to operate your franchise business at maximum capacity and efficiency.

You and at least one manager, if separate from you, must attend the initial training program. We do not put a limitation on whom you can hire as your manager, but your manager and any subsequent manager must complete and pass our training program before they can manage a franchise business. To pass training, the manager must demonstrate competence in several areas of running a franchise store. These areas include, but are not limited to, knowledge of basic policies and procedures, minor equipment assembly, customer service, equipment maintenance and sanitization, daily operations, record keeping, basic accounting techniques and ability to train employees.

You must understand clearly that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision making process which may affect your business operations. The success or failure of your franchise as a business enterprise is for the most part dependent on your efforts. Purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

Neither you nor your management employees can have an interest in or business relationship with any competing shave ice, ice cream, frozen yogurt, frozen custard, or other frozen dessert business. Your managers do not need to have an ownership interest in your franchise business. We require you to use a bonus program for your managers and employees as set forth in the operations manual. You, your partners, directors, members, shareholders and your manager and other principal employees, however, will be required to sign a standard confidentiality to protect and keep confidential our trade secrets and confidential information described in Item 14 and to conform with the covenants not to compete described in Item 17 and our confidentiality agreement (see Exhibits A-3 and A-5). Your employees will also be required to sign covenants not to compete and confidentiality agreements (see Exhibits A-4 and A-6).

You must operate the franchise business at least 6 days per week throughout the year (unless waived in writing by us), but we reserve the right to require you to operate 7 days a week depending on your market or location and changes to the system. You must maintain sufficient supplies and materials and employ adequate personnel to operate the franchise business at maximum capacity and efficiency. You must keep free from conflicting enterprises or any other activities which would be detrimental to or interfere with your franchise business or the franchise system. You must conduct frequent inspections of the facilities to insure the highest standards of cleanliness and general pleasant appearance, as well as frequent inspections of the operations to ensure compliance with our approved methods. Failure to provide the required on-premise supervision is considered a default under the franchise agreement and may result in terminating your franchise. In addition, if we or our independent service provider find that you are not in compliance, we have the option, at our discretion, to manage the store until you have found a suitable replacement to act as your manager. For this you will be charged our then-current fee, (currently $300 per person per day), plus travel and living expenses for our representatives and you will remain responsible for all royalties, marketing fees, and all other fees required under the franchise agreement.

Any individual who owns a 5% or greater interest in the franchise business must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may carry and serve only those products, goods, and services specified and approved by us in writing. No service or product or other item may be added to, altered or discontinued by your franchise business unless it is first approved by us in writing. You must offer all menu items, services, recipes and products required by us. We reserve the right to add, modify or delete products, items, recipes, or services that you will be required to offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, recipes, mixes, methods and techniques concerning all of our services and products. You must purchase all of your products and services from us or our approved suppliers. (See Item 8).

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP[1]

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

Franchise Agreement

	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the franchise term	Section 2.1	Term – 10 years. Not affected by any other agreements.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the initial or applicable renewal term, you can enter into a new successor franchise agreement for additional term of 5 years.
c.	Requirements for franchisee to renew or extend[1]	Section 2.2	Not be in default, pay a successor franchise fee of $2,500, modernize and update your franchise mobile kiosk, as required by us in our operations manual, and sign the then current franchise agreement which may have materially different terms from the previous agreement, and sign a release.
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the agreement (see below).
f.	Termination by franchisor with cause[1]	Sections 11.1	We can terminate the franchise agreement if you are in default of any agreement with us. There are certain specified breaches for which we can terminate without giving you an opportunity to cure (see (h) below).
g.	"Cause" defined – curable defaults	Paragraphs 11.1 A-O	You have 24 hours to cure health code violations, 15 days to cure monetary and reporting defaults, and 30 days to cure certain other material defaults of the franchise agreement.

	Provision	Section in Franchise or other Agreement	Summary
h.	"Cause" defined - non-curable defaults	Paragraphs 11.1 P-DD	Non-curable defaults: conviction of felony, fraud, repeated defaults even if cured, harm the public, abandonment, trademark misuse, and other defaults listed in the franchise agreement.
i.	Franchisee's obligations on termination/ non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due and compliance with the non-competition agreement (see also (r) below).
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign, including merging with, acquisition by, or sale to a competing company.
k.	"Transfer" by franchisee – defined	Section 14.2	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 14.3 - 14.8	You are not in default, all fees are current, new franchisee qualifies, transfer and training fee paid, purchase agreement approved, training arranged, new transferee signs the then-current franchise agreement, and a release is signed by you (see state specific addenda).
n.	Franchisor's right of first refusal to acquire franchisee's business	Sections 14.9	We can match any offer for purchase of your franchise business within 30 days of written notice to us of offer.
o.	Franchisor's option to purchase franchisee's business	Section 13.1	Upon termination, we can buy your assets at fair market value.

	Provision	Section in Franchise or other Agreement	Summary
p.	Death or disability of franchisee	Section 14.10	We may operate your franchise business until a personal representative is approved and a new manager trained, or the franchise must be assigned to approved buyer within a reasonable time. Upon death or incapacity, we have the right but not the obligation to operate your franchise business for a fee until a trained manager is in place. You will be charged a per day/per representative fee (currently $300 per person per day), plus our costs, for us to manage your franchise business during this time.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 16.3 – 16.4	No competing business for 2 years within 10 miles of your franchise location or within 10 miles of any other Hokulia® franchise or company or affiliate owned Hokulia® business (including after assignment). If you compete within the time period then this non-compete time period will be extended for the period of your competition plus 6 months.
s.	Modification of the agreement	Section 20.11	No modifications generally, unless made in writing and signed by both parties, but policies and procedures are subject to change by us.
t.	Integration/merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.

	Provision	Section in Franchise or other Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for disputes there must be a face to face meeting, mediation and arbitration (see state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	Arbitration and mediation must be in Utah. Litigation, if any, must be in Utah (see state specific addenda).
w.	Choice of law	Section 19.1 and 19.5	Utah law, the Federal Arbitration Act, and the United States Trademark Act apply (may be subject to additional state law requirements).

[1] Both the chart for the franchise agreement and the chart for the area developer agreement apply to your relationship with us. You should review both charts. States may have statutes or court decisions, which supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise (see State Specific Addenda).

THE FRANCHISE RELATIONSHIP[1]

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

Area Developer Agreement

	Provision	Section in Area Developer Agreement	Summary
a.	Length of the development term	Section 3. 4 & Exhibit B	The term is the negotiated development period from 1 to 2 years depending on the number of units purchased.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for developer to renew or extend	Not Applicable	
d.	Termination by developer	Not Applicable	
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Section 9.1	We can terminate only if you are in default of your agreement.

	Provision	Section in Area Developer Agreement	Summary
g.	"Cause" defined – curable defaults	Sections 9.1.1 and 9.1.3	You have 45 days to cure a development schedule default and 30 days to cure certain other material defaults of the area developer agreement.
h.	"Cause" defined – non-curable defaults	Section 9.1.2	Non-curable defaults: conviction of felony, fraud, failure to pay, insolvency, repeated default if cured and abandonment.
i.	Developer's obligations on termination/non-renewal	Section 10	We may sell in your territory and you may continue as a franchisee pursuant to your signed franchise agreements.
j.	Assignment of contract by franchisor	Section 12.1	There are no restrictions on our right to assign including merger with, acquisition by, or sale to a competing company.
k.	"Transfer" by developer - defined	Section 12.2	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Section 12.2	We have the right to approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 12.2	You are not in default, transferee is trained and signs the then current area developer agreement, and a release signed by you.
n.	Franchisor's right of first refusal to acquire developer's business	Section 12.3	We can match any offer for your franchise business within 30 days of written notice to us of offer.
o.	Franchisor's option to purchase developer's business	Not Applicable	
p.	Death or disability of developer	Not Applicable	
q.	Non-competition covenants during the term of the area development agreement	Section 11.1	No involvement in a competing frozen dessert business.

	Provision	Section in Area Developer Agreement	Summary
r.	Non-competition covenants after the developer is terminated, transferred or expires	Section 11.1	No competing frozen dessert business for 2 years within 25 miles of your territory or 10 miles of another Hokulia® franchise or company or affiliate owned business (including after assignment). If you compete within the time period then this non-compete time period will be extended for the period of your competition, plus 6 months.
s.	Modification of the agreement	Section 16.7	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Section 16.8	Only the terms of the area developer agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.
u.	Dispute resolution by arbitration or mediation	Section 15. 2	Except for certain claims, all disputes must be mediated and arbitrated in Salt Lake City, Utah (subject to state law – see state specific addenda).
v.	Choice of forum	Section 16.2	Arbitration must be in Salt Lake City, Utah. Litigation, if any, must be in Utah (subject to state law – see state specific addenda).
w.	Choice of Law	Section and 16.2	Utah law, the Federal Arbitration Act and the United States Trademark Act apply (subject to state law – see state specific addenda).

[1] Both the chart for the franchise agreement and the chart for the area developer agreement apply to your relationship with us. You should review both charts. States may have statutes or court decisions, which supersede the franchise agreement in your relationship with the

franchisor including the areas of termination and renewal of your franchise (see State Specific Addenda).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following financial performance representation is an historic representation. This financial performance representation includes all 52 franchise units. These 52 units were all kiosk locations, open and operating during 2017. These results are not applicable to inline store and drive-thru franchise units as these are new concepts and we do not have the data to provide for these units. Due to the nature of the business and the fact that the mobile kiosks are heavily affected by bad weather days, we have divided the kiosk franchise units into units open 30-90 days and those open for 90+ days during the 2017 season. At times a unit would be open for part of a day, but weather issues would cause it to close early. To account for these partial days, in this financial performance representation, we have only counted a franchise unit to be open for the day if it had sales greater than $150 for that day.

Total Sales by All Franchise Units Operating in 2017	Total Days of Sales above $150	Average Sales per day	Average Gross Sales Per Unit	Number of Units
$2,671,083	4893	$546	$51,367	52

Total Sales by Units Open for 90+ Days	Total Days of Sales above $150	Average Sales per day	Average Gross Sales Per Unit	Number of Units
$2,671,083	3423	$546	$72,090	28

Total Sales by Units Open	Total Days of	Average Sales per	Average Gross Sales	Number of Units

for 30-90 Days	Sales above $150	day	Per Unit	
$615,088	1381	$445	$32,373	19

As a new franchisee, your individual financial results may differ from the above financial performance representation. These units may have been open for multiple years in the same location, which may cause them to differ significantly from your unit. Additionally, the number of shave ice or similar type of businesses in your territory can vary from year to year. The number of these type of competitors in your territory may affect your results. Likewise, the weather in your territory will play a factor in the amount of days you may operate, if you choose to purchase a mobile kiosk franchise.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

The earnings claims figures do not reflect the costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this offering circular, may be one source of this information.

Other than the preceding financial performance representation, Hokulia Franchising, Inc. does not make any financial performance representations. 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 Mark Gilleland, 872 W. Heritage Park Boulevard #110, Layton, Utah 84041, (801) 478-4670, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System wide Outlet Summary
For 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	40	58	+18
	2016	58	70	+12
	2017	70	58	-12
Company Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	40	58	+18
	2016	58	70	+12
	2017	70	58	-12

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2015 to 2017

State	Year	Number of Transfers
Alaska	2015	0
	2016	0
	2017	0
California	2015	0
	2016	2
	2017	0
Colorado	2015	0
	2016	0
	2017	0
Florida	2015	0
	2016	0
	2017	0
Georgia	2015	0
	2016	0
	2017	0
Idaho	2015	0
	2016	0
	2017	0
Kansas	2015	0
	2016	0
	2017	0

Montana	2015	0
	2016	0
	2017	2
Nebraska	2015	0
	2016	0
	2017	0
Nevada	2015	0
	2016	2
	2017	0
Oregon	2015	0
	2016	0
	2017	0
Texas	2015	0
	2016	0
	2017	0
Utah	2015	4
	2016	0
	2017	0
Wyoming	2015	0
	2016	0
	2017	0
Total	2015	4
	2016	4
	2017	2

Table No. 3
Status of Franchised Outlets
For Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alaska	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
California	2015	4	3	0	0	0	0	7
	2016	7	3	0	0	0	0	10
	2017	10	2	0	0	0	5	7*
Colorado	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Florida	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Georgia	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Idaho	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5*
Kansas	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1

	2017	1	0	0	0	0	0	1
Montana	2015	2	1	0	0	0	0	3
	2016	3	2	0	0	0	0	5
	2017	5	0	0	0	0	2[1]	3*
Nebraska	2015	2	0	0	0	0	2[2]	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Nevada	2015	0	1	0	0	0	0	1
	2016	1	2	0	0	0	0	3
	2017	3	0	0	0	0	2[3]	1
Oregon	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1[4]	0	0	0	0	1
Texas	2015	0	6	0	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	1	0	0	0	0	7
Utah	2015	24	5	0	0	0	0	29
	2016	29	2	0	0	0	0	31
	2017	31	1	0	0	0	6[4]	26*
Wyoming	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	2	0
Totals	2015	40	20	0	0	0	2	58
	2016	58	12	0	0	0	0	70

	2017	70	5	0	0	0	17	58

[1]The Bozeman and Belgrade locations transferred to Utah franchise locations under a new owner in 2017.

[2]The Nebraska locations relocated to Wyoming.

[3]A Vegas location transferred to Utah.

[4]Franchisee Relocated to Oregon from Utah.

*Due to the seasonal nature of the franchise kiosk locations, some franchises are operational during a season, but may not operate the next season. For the purposes of this Item 20, we consider a franchise that operated to be open, even if they did not open for a later season.

Table No. 4
Status of Company-Owned[1] Outlets
For Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

[1]There are no company or affiliate owned locations.

Table No. 5
Projected Openings as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Alaska	0	0	0
California	2	4	0
Colorado	0	0	0
Florida	1	0	0
Georgia	1	1	0
Idaho	1	1	0
Illinois	0	0	0
Kansas	1	0	0
Montana	1	1	0
Nebraska	0	0	0
Nevada	0	0	0
Texas	1	0	0
Utah	2	2	0
Washington	0	0	0
Wyoming	0	0	0
Total	10	9	0

Exhibit "D" contains a list of franchisees who have had an outlet transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit "D" contains a list of our current franchisees and affiliate owned units.

No franchisees have signed confidentiality clauses during the last three fiscal years which would limit their ability to speak openly with you about their experience with us. We do not know of any trademark specific franchisee organizations associated with our system that are required to be disclosed in this item.

ITEM 21
FINANCIAL STATEMENTS

Our fiscal year ends on December 31 of each year. Attached as Exhibit "C" are our audited financial statements dated December 31, 2017 and 2016 and dated December 31, 2016 and 2015.

ITEM 22
CONTRACTS

We have attached the following contracts: as Exhibit "A," the Franchise Agreement; as Exhibit "B," the Confidential Information Application; as Exhibit "H," the Area Developer Agreement; and as Exhibit "I," the Release Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

ITEM 23
RECEIPT

The last two pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and one copy should be returned to us. Please sign and date the receipts and return one copy to us and keep the other for your records. You may return the signed and dated receipt either by mailing it to us at 872 W. Heritage Park Boulevard, #110, Layton, Utah 84041, or by faxing a copy to us at (801) 776-0792.

Schedule 1
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. 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.

2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.

3. 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.)

4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be fully enforceable under California law.

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

6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, and other costs associated with arbitration. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and Federal laws to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The franchise agreement requires application of the laws of Utah, but the California franchise laws may apply. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.

8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

9. Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these person from membership in such association or exchange.

10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.

11. OUR WEBSITE at www.hokuliashaveice.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

12. The Franchise Agreement provides for waiver of a jury trial. This may not be enforceable in California.

13. We have obtained a surety bond of $80,000. The surety bond is insurance in the event we are unable to meet our obligations under the franchise agreement prior to your opening of the franchise business.

Schedule 2
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

If there is, if of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights signed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when signed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel. Provisions this or these as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable if that they reflect the Franchisor=s reasonable estimated or actual costs in effecting a transfer.

Item 5 of the FDD and Article V of the Franchise Agreement are amended to include the following:

- Hokulia Franchising, Inc. has a surety bond for $100,000 with The Cincinnati Insurance Company for the use and benefit of any person(s) having a claim under the conditions of the bond.

Schedule 3
ADDENDUM TO THE DISCLOSURE DOCUMENT
STATE REGULATIONS

FOR THE STATE OF NEW YORK

1. The FDD Cover Page is amended as follows:

- **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**

- **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE CIRCULAR. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS CIRCULAR.**

2. ITEM 3 of the disclosure document is amended by the addition of the following language:

- Neither the franchisor, its predecessor, a person identified in item 2, nor an affiliate offering franchises under the franchisor's principal trademark:

  A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil, misdemeanor allegations, or pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

  B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

  C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. ITEM 4 of the disclosure document is amended to state that:

- Neither the franchisor, its affiliate, its predecessor, nor its officers or general partner, during the 10-year period immediately before the date of the disclosure document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

4. ITEM 5 of the disclosure document is amended to add the following:

- The Franchise Fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Store for business.

5. ITEMS 6 and 11 of the disclosure document are amended to add the following:

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

6. ITEM 17 of the disclosure document is amended to add the following:

- No general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

- ITEM 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.

- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of franchisor, is willing and financially able to assume the franchisor's obligations under the Agreement.

- ITEM 17(w) is amended to state that the foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business Law of the state of New York.

7. Franchisor represents that this disclosure document does not knowingly omit anything or contain any untrue statements of a material fact.

Schedule 4

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE COMMONWEALTH OF VIRGINIA

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Item 5 of the FDD and Article V of the Franchise Agreement are amended to include the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to establish an escrow account to hold all initial franchise fees and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the franchise agreement."

EXHIBIT "A"
TO THE FDD

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

By and Between

HOKULIA FRANCHISING, INC.

and

_____

(Franchisee)

HOKULIA®
FRANCHISE AGREEMENT
TABLE OF CONTENTS

ARTICLE **PAGE**

I. Award of Franchise 3
II. Term and Successor Franchise 5
III. Intellectual Property 7
IV. Construction, Commencing Operations, and Lease 10
V. Fees and Reports 13
VI. Franchisee's Operational Covenants 16
VII. Franchisor Operational Assistance 22
VIII. Purchase of Products 24
IX. Manuals 25
X. Marketing 25
XI. Breach and Termination 28
XII. Termination and Expiration 32
XIII. Purchase Option 34
XIV. Sales or Transfers of the Franchise 35
XV. Relationship of the Parties 39
XVI. Covenants Not to Compete 34
XVII. Dispute Resolution 42
XVIII. Notices 44
XIX. Construction and Jurisdiction 45
XX. Miscellaneous 46
XXI Definitions 49

Exhibits

A-1 Territory
A-2 Company Representations and Warranties
A-3 Principal Confidentiality & Non-Competition Agreement
A-4 Employee Confidentiality & Non-Competition Agreement
A-5 Principal Confidential Recipe Agreement
A-6 Employee Confidential Recipe Agreement
A-7 Landlord's Consent
A-8 Site Location Agreement
A-9 ACH Form
A-10 State Specific Addenda

HOKULIA FRANCHISING, INC.
FRANCHISE AGREEMENT
(____insert location of franchise____)

THIS FRANCHISE AGREEMENT ("Agreement") is entered into and made effective as of _____, by and between **Hokulia Franchising, Inc.**, a Utah corporation (hereinafter referred as "Franchisor" and at times as "We," "Us" or "Our" as further defined in Article XXI below) and _____ (hereinafter referred to individually and collectively as "Franchisee" and at times "You" or "Your" as further defined in Article XXI below).

WHEREAS, We have developed a system for the operation of a retail shave ice store, known as Hokulia®, offering to the public shaved ice, and other frozen desserts and related food items and services (hereinafter "Hokulia® Business" or "Franchise Business"). The system Includes, the Franchise Business, specific trade names, trademarks or service marks, mobile kiosk design and/or layout and décor, color schemes, standards, Manuals, ice cream cones, syrups, recipes, operating procedures and marketing concepts, business formats, and specifications for and the use of certain equipment, the sale of products, food and supply items, and the use of confidential information (herein at times the "System" and at times the "Hokulia® System"); and

WHEREAS, We will provide You with Our confidential Manuals and other materials as created by Us; and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Hokulia® Business using the System developed by Us; and

WHEREAS, You declare You have had a copy of the Hokulia® Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us; and

WHEREAS, You declare that You have fully investigated and familiarized Yourself with the essential aspects and purposes of the Hokulia® Business and System and have been advised by counsel chosen by You of the terms and conditions of this Agreement and agree that Your consistent and uniform presentation of the Hokulia® System and Franchise Business are essential; and

WHEREAS, Article XXI contains certain definitions which apply to this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

ARTICLE I
AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-transferrable, non-sublicenseable

personal right to establish and conduct a Franchise Business as a franchisee and the right to use the System and the Marks only as specifically set forth herein. Except as expressly agreed by Us in writing as set forth in paragraph 1.7 below, this right is granted for use only at a single location approved by Us ("Premises") within Your territory as set forth on Exhibit "A-1" attached hereto and by reference made a part hereof (hereinafter referred to as the "Territory"). You agree to operate Your Franchise Business at the Premises within the Territory approved by Us in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals.

1.1.1 Territory Rights. Except as set forth in Section 1.3 below, We will not establish or operate a traditional company-owned outlet, or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement; provided however, We may open outlets located in non-traditional locations, Including airports, national accounts, convenience stores and sports venues that We or Our affiliate may develop in the future at Our sole discretion. You are granted a protected territory, meaning We will generally not place another Hokulia® franchise unit within 1/2 driving miles of Your Premises, depending on the density of the population and the location of Your Premises. **However, if you have a seasonal mobile kiosk franchise, we may sell a year-round drive-thru or inline store franchise in your territory.**

1.1.2 Population Increase. Your Territory may be reasonably adjusted based on increases in population. Generally, for every increase of 50,000 or more in the population of Your Territory, We have the right to sell or add an additional franchise unit in Your Territory.

1.1.3 Catering. You have the right to provide catering services within your Territory. However, You must receive Our prior written approval to provide any catering services outside of Your Territory, and unless otherwise clearly indicated, such approval will only apply to a specific event, and You must seek Our prior written approval each time You desire to cater outside of Your Territory. No course of conduct of providing catering services outside of Your Territory will be construed as expanding Your Territory.

1.2 Scope of Franchise Operations. You must at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business. You must utilize the Marks and System to operate all aspects of Your Franchise Business in accordance with the methods and systems developed and prescribed from time to time by Us, all of which are a part of the System.

1.3 Franchisor Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein will prevent Us from granting the right to establish or operate, or Us establishing, owning and operating a Hokulia® Business or similar operation outside of the Territory. Furthermore, We and Our affiliates expressly reserve the right to sell, market and distribute all Hokulia® products in Your Territory and elsewhere using other marketing strategies and distribution channels Including, catalog sales, direct sales to and through stores, grocery stores, restaurants, convenience stores, wholesale outlets, the Internet, and/or co-branding with others without compensation to You. You may not sell Our products and/or services using such reserved marketing strategies and distribution channels without Our prior written permission. You expressly acknowledge and agree that this license is non-exclusive, and that We

retain among others, the right in Our sole discretion: 1) to grant other franchises or licenses for Our trademarks in addition to those already granted to existing franchisees; 2) to develop and establish other franchise or licensed systems for the same or similar products or services utilizing similar marks, or any other marks and to grant franchises or licenses thereto; and 3) to use the licensed Marks in connection with the manufacture and sale of products at wholesale and at retail.

1.4 Entity Franchisee. If You are operating as a partnership, corporation, or limited liability company, You must designate the principal contact in connection with Your Franchise Business. This principal contact must be a general partner, manager, or controlling shareholder, and must be listed on Exhibit "A-2.". Such representative will have the authority to speak for and bind You in all matters pertaining to this Agreement and Your Franchise Business. You agree not to use Our Marks or any other name similar thereto in the name of any corporation, partnership or other entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, You are required to file a DBA as set forth in Section 3.9.

1.5 Restriction of Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at the Premises and will not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory or in any other manner, except as may be allowed by this Agreement. You acknowledge that We have the sole rights in and to the System and that Your right to use the System is granted by Us solely pursuant to the terms of this Agreement.

1.6 Franchisor Mergers & Acquisitions. You agree that the System needs to have the flexibility to combine with other businesses that may be in the same or similar industry or otherwise. Such combinations have the potential to work to the benefit of all members of the System as a whole. Therefore, notwithstanding anything to the contrary in this Agreement or otherwise, You agree that We can acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses, whether competitive or not, with retail or other facilities located anywhere, and Including arrangements in which: 1) the retail or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks); or 2) the Hokulia® System is converted to another format or brand, maintained under the Hokulia® System or a different system. You agree to fully cooperate with any such proposed merger and conversion at Your expense.

ARTICLE II
TERM AND RENEWAL

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of ten (10) years, unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the termination or expiration of this Agreement, and fail to do so, this Agreement will remain in effect from month to month until We have given the required notice.

2.2 Renewal. If You are not in default of the terms and conditions hereof and have: 1) complied with and timely met material terms and conditions of this Agreement throughout the

initial term; 2) complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 3) timely paid all monetary obligations owed to Us during the term of this Agreement; and 4) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business, You have the right to be awarded a successor franchise ("Successor Franchise") upon the expiration of the original term for an additional term of five (5) years by giving Us written notice by certified mail, email, or personal delivery at least one hundred eighty (180) days and not more than one (1) year prior to the expiration date of the term hereof. You may also be awarded an additional Successor Franchise term of five (5) years upon expiration of the first Successor Franchise term as provided above for a total of twenty (20) years counting the original and renewal terms. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election You will be deemed to have renewed on a month-to-month basis and You will be required to abide by Our then-current fees for royalty, marketing and others as set out in the Manuals. Your month-to-month Franchise Business may be terminated only by Us upon thirty (30) days prior written notice to You for any reason whatsoever.

2.2.1 Notice of Non-Approval. If We, after receipt of Your notice of election, decide for good cause, not to approve the Successor Franchise, We will give You such notice of non-approval as required by law.

2.2.2 Successor Franchise Agreement. If approved as a Successor Franchise, You will be required to execute Our then-current form of Our successor franchise agreement ("Successor Franchise Agreement") Including personal guarantees and to sign a general release of all claims against Us arising from this Agreement, the relationship created herein or Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You will be obligated to pay royalties and other continuing fees at the then-existing levels required to be paid by new franchisees. You must sign and return to Us the Successor Franchise Agreement within ninety (90) days prior to the expiration of the then-current term, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement and this Agreement will terminate at the expiration of the term then in effect. **It is acknowledged by You that the form of the Successor Franchise Agreement in effect at the time may contain economic, royalty, marketing and other fees and charges, territorial, and other changes in material provisions from those contained in this Agreement, Including terms affecting payments to Us or Our affiliates.** You will make all necessary arrangements to continue the occupancy of Your existing Premises through the renewal term(s), unless We give written permission to relocate Your Premises.

2.2.3 Successor Franchise Fee. If approved for a Successor Franchise, You must pay to Us a non-refundable Successor Franchise fee of Two Thousand and Five Hundred Dollars ($2,500), payable in full at the time of execution of the first Successor Franchise Agreement. You will be obligated to pay royalties, marketing fees and other continuing fees charged by Us at the then-existing levels required to be paid by and under the policies established for new franchisees.

In addition to the signing of the then-current form of Our Successor Franchise Agreement, You acknowledge and agree that We can require You, at Your expense, to reasonably renovate, remodel, redecorate, resign, refixture and/or otherwise refurbish Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards and image of new franchises being opened and/or licensed by Us at the time the Successor Franchise takes effect.

2.2.4 Successor Franchise Training. You and Your manager(s) must also attend and successfully complete any training, certification and other programs at such times and locations as We specify. You will pay the expense of travel, meals, lodging, and other related costs for such training.

ARTICLE III
INTELLECTUAL PROPERTY

3.1 Intellectual Property. You acknowledge that We and Our affiliates have the sole right to license, own and control the Marks, System, and all copyrights, confidential information, trade names, trade dress and other Intellectual Property and that such will remain under Our sole and exclusive ownership and control.

3.2 Use of Intellectual Property. You have a non-exclusive right to use the Marks and other Intellectual Property only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of the Intellectual Property, System and goodwill are all temporary benefits and expire with the termination or expiration of this Agreement. You expressly covenant that during the term of this Agreement and after the expiration, transfer or termination thereof, You will not: 1) directly or indirectly contest nor aid in contesting the validity of Our ownership of said Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; nor 3) interfere with the use of the Intellectual Property by Our other franchisees or licensees at any time. You agree to use the Intellectual Property and System only in connection with the operation of Your Franchise Business and only in the manner allowed by this Agreement and the operational standards established by Us from time to time, and only so long as You fully perform and comply with all of the conditions, terms and covenants of this Agreement and Our operations and policies We prescribe from time to time.

3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Our parent and licensed to Us.

3.4 Use of Marks. You will only use Our Marks licensed by this Agreement and only with the letters "TM," "SM," or "®," as appropriate as instructed by Us, whenever and wherever such Marks are used. In addition, You will not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product or at any location not approved in writing by Us. You agree not to use the Marks in any

manner that would or may cause the Marks of the System to be subject to any ill repute or negative publicity. You will not use the Marks on any inter-company documents to identify Your Franchise Business or entity (Including employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees will be under Your entity name.

3.4.1 Cooperation. You agree to execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to fully cooperate with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System.

3.4.2 Use in Marketing. You have the right to use the Marks to market only in the Territory. You are prohibited from using any licensed Marks in connection with the sale of any product or service not expressly authorized in the Manuals or otherwise in writing by Us. All other use of the Marks in marketing must be with Our prior written approval as set forth in this Agreement and the Manuals.

3.4.3 Modification of Marks. You agree that We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logo types and/or other symbols in connection with the operation of the Franchise Business. In that event, You agree to bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You agree to make no application for registration or other protection of any of the Marks , or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.4.5 Compensation. We reserve the right to require that all items and goods bearing Our Marks, other trademarks or service marks, or private label be purchased from Us or businesses designated or approved by Us. We may derive income through mark-ups on such items and goods, or We may receive a fee or other consideration from other suppliers.

3.5 Copyrights. All right, title and interest in and to all materials, Including, all artwork and designs, created by Us, and used with the Marks or in association with the System ("Copyrighted Materials") are Our or Our affiliate's sole and exclusive property. Additionally, all Copyrighted Materials whether created or used by You or any other person or entity retained or employed by You or Us are "works-made-for-hire" as defined in the Copyright Act, Section 101 of Title 17 of the United States Code ("Work-for-Hire"), are Our sole and exclusive property, and We are entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. If the Copyrighted Materials are not Works-for-Hire or rights in the Copyrighted Materials do not automatically accrue to Us, You agree to irrevocably transfer, assign and agree to assign to Us, Our successors and assigns, without compensation to You, the entire right, title, interest and ownership in the Copyrighted Materials in perpetuity throughout the world in and to any and all

rights, Including all copyrights and related rights, in these Copyrighted Materials, which You and the author of these Copyrighted Materials warrant and represent as being created by and wholly original with the author. You agree to execute any document necessary to effectuate the transfer and assignment. Where applicable, You agree to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Our right in the Copyrighted Materials as required in this Section. To the extent You have any moral or similar rights in the advertisement, materials or derivative, You expressly waive those rights.

3.6 Manuals. You agree that the Manuals and other material provided to You by or through Us will remain Our sole property and must be returned to Us at Our discretion. You acknowledge that Our recipes, menus, formulations, product specifications and the contents of the Manuals provided to You by or through Us, and Your knowledge of Our recipes, menus, formulations, ingredients, processes, services, products, know-how and the System, are secret, unique and/or confidential and contain trade secrets and other material proprietary to Us. You agree not to disclose the contents of the Manuals and proprietary items or materials set forth above, to unauthorized persons and to follow the procedures set forth in Section 3.10 below to prevent unauthorized disclosure to any person. Such disclosure would cause irreparable harm. You agree to return all Manuals and all copies of all or any parts thereof and all other documents containing confidential or proprietary information to Us upon the termination or expiration of this Agreement or at such times as may otherwise be directed by Us. You agree not to copy or otherwise duplicate in any format Our Manuals, recipes, formulas or any other proprietary materials.

3.7 Sole Control. You agree that We will have the sole control over any legal or administrative action concerning the proprietary names and Marks and Intellectual Property. You must promptly notify Us in writing of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of the Intellectual Property licensed hereunder in which We have an interest. In the event We undertake the defense or prosecution of any litigation pertaining to any such Intellectual Property, You agree to execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent, but You will not have the obligation, to undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us and You may not do any act or make any claim which is contrary to or in conflict with Our rights in the Intellectual Property.

3.8 Goodwill. You acknowledge that valuable goodwill is attached to the Marks and System, and that You will use the same solely in the manner prescribed by Us and will carry out Your Franchise Business under such names and Marks in accordance with operational standards established by Us from time to time. Any and all goodwill associated with the Marks and System, Including any goodwill data related to potential or actual customers ("Customer Data") that might be deemed to have arisen through Your activities, is Our sole property and inure directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.8.1 Customer Data. You have a royalty-free non-exclusive right to use the Customer Data during the term of this Agreement. You must provide Us copies of all Customer

Data upon request. You agree to abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information, and if We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You will be solely responsible to comply with the laws pertaining to the sending of emails, including the CAN-SPAM Act of 2003.

3.9 Use of Name. Within thirty (30) days of signing this Agreement, You must file for a certificate of assumed or fictitious name or DBA in the manner required by the law in the state where Your Franchise Business is located so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement, designating Your assigned franchise unit number in such filing. Failure to do so is a default of this Agreement. You will display a standard sign and/or plaque, as may be provided or required by Us, at Your Franchise Business location indicating that the business is independently operated and owned as a franchised business.

3.10 Maintaining Secrecy. You agree to: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of proprietary information; 2) disclose such information to Your employees only to the extent necessary to market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.11 Changes to the System. If You or We, during the term of this Agreement or any interim period, conceive or develop any improvements, changes, modifications, enhancements or additions to the System, Copyrighted Materials, Manuals, website or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System or any creative concept, marketing and promotional ideas or inventions related to the System, whether implemented in the System or not, (collectively, the "Improvements") You will fully disclose the Improvements to Us, without disclosure of the Improvements to others, and will obtain Our written approval before using or implementing these Improvements. Any of these Improvements may be used by Us and all other franchisees without any obligation to compensate You. We will have complete ownership and control of such Improvements and You will assign and do hereby assign to Us, all right, title and interest in and to the Improvements, including the right to grant licenses for use of any of these Improvements. At Our discretion, We reserve the right to make application for and own Intellectual Property relating to any such Improvements, and You will cooperate with Us in securing these rights. We may also consider such Improvements as Our trade secrets. At Our discretion, We may authorize You to utilize any Improvements that may be developed by You, Us or other franchisees.

ARTICLE IV
CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. You are required to purchase or lease suitable real property from which to operate Your Franchise Business within sixty (60) days of signing this Agreement. You must not commit to purchase or lease any real property or commence construction unless and

until You have Our written approval of the proposed location. Unless waived by Us in writing, You must hire a local real estate broker to find Your location. Your Premises must strictly comply with local zoning, state and federal laws, rules and regulations.

4.1.1 Location Approval. We must approve Your proposed location. However, it will be Your responsibility, at Your sole cost and expense to select Your Premises site within Your Territory. You must provide Us with the street address of the proposed site and such other information as We request, including pictures or existing brochures of the proposed site or location. Our decision to approve or disapprove the proposed site is based upon the following general criteria: competition, access, appearance, visibility, traffic patterns, general population, parking, square feet and general vicinity. **We do not prepare demographic studies or otherwise evaluate the potential success of Your proposed site, nor do We provide You with a site checklist or other similar information, and We do not warrant or guarantee the success of the location or site.** Location approval should be completed by Us within four (4) weeks after You have notified Us that You have selected a prospective location.

4.2 Construction. If You have a mobile kiosk franchise, You must order the Hokulia® mobile kiosk, in strict accordance with the plans and specifications approved by Us, within ninety (90) days from the signing of this Agreement. If You have a drive-thru or inline store franchise, you must start construction within six months of signing this agreement.

4.2.1 Design of Premises. You are required to follow Our interior and exterior design specifications for the exterior and interior finish of Your Premises, as set forth in Our Manuals, at Your cost.

4.2.2 Abandonment of Construction. Abandonment of construction or stoppage of construction for four (4) or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.2.3 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and fixturization do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within ten (10) days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.3 Commencing Operations. If You have a mobile kiosk franchise, You are required to commence operations not later than one-hundred and twenty (120) days from signing this Agreement and not later than ten (10) days following delivery of your mobile kiosk. If You have a drive-thru or inline store franchise, You must commence operations not later than one (1) year from the signing of this Agreement. You must give Us not less than fifteen (15) days prior written notice of the opening. We have the right to inspect and approve Your Premises prior to opening. You must meet these time periods, unless agreed between You and Us in writing based on the seasonal restrictions in Your Territory. Failure to meet these deadlines may subject Your Franchise Business to termination by Us, at Our sole discretion.

4.3.1 Failure to Commence Operations. If You fail to commence operations as provided above, this Agreement is subject to termination by Us, at Our option. You may be granted up to a one (1) year extension at Our discretion if You demonstrate a good faith effort in finding an approved site and completing the required improvements, and if You have not signed a lease within 60 days of signing this Agreement. You will not receive a refund.

4.4 Equipment and Opening Inventory. You are required to obtain by purchase or lease all equipment, tools, and inventory in accordance with Our specifications and as may be necessary for proper and efficient operation of Your Franchise Business and maintain such equipment and tools in good working order. You are also required to purchase an opening inventory package from our affiliate.

4.5 Lease.

4.5.1 Premises. You must provide Us with written notice of the location and mailing address of Your Premises. We have the right to review all leases relating to Your Franchise Business prior to execution. Any lease or other document of occupancy of the Premises (the "Lease") must include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement expires or is terminated for any reason. You must also deliver an executed copy of the Lease to Us within fifteen (15) calendar days after execution. If You own the Premises, You hereby agree to lease the facilities to Us upon expiration or termination of this Agreement at a rental not to exceed its fair market rental value.

4.5.2 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement expires or for any reason is terminated by either You or Us. In such event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. You are required to have Your landlord consent to an assignment of the lease before the lease agreement is signed. The Landlord's consent is attached hereto as Exhibit "A-7" and by reference made a part hereof. We also have the right to assign the Lease to another franchisee.

4.5.3 Assumption of Lease. We will have forty-five (45) days from the date of expiration or termination of this Agreement, whether terminated by Us or You, to exercise Our right and option to take and assume or make the Lease for the Premises. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us, as well as to indemnify Us against all losses and costs arising by virtue of or attributable to the period of Your possession of the Premises. All taxes, utilities and rentals will be prorated between Us and You as of the date of Our possession. We will not be obligated to pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations attributable to the period of Our possession of the Premises. You agree that no compensation for the Lease is payable by Us to You unless the Premises are owned by You. The Lease will be transferred to Us without the payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.6 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior approval. You must pay Us a relocation fee of two thousand dollars ($2,000) upon Your request to relocate Your Premises or kiosk.

4.7 Limitation of Kiosk/Premises. You are not allowed to perform any other services or sell products from Your kiosk or Premises other than in association with the Franchise Business and as allowed pursuant to the Manuals.

ARTICLE V
FEES AND REPORTS

5.1 Initial Franchise Fee. An initial franchise fee of _____ Dollars ($_____) is payable to Us in one lump sum at the time of execution of this Agreement unless previously paid pursuant to an Area Developer Agreement between You and Us. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement will exist until the initial fee is paid in full.

5.2 Royalty. You will pay a non-refundable on-going weekly royalty of six percent (6%) of Your Gross Sales. The term "Gross Sales" Includes the total of all sales of all products, goods or services sold or rendered by You and income of every kind and nature arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. "Gross Sales" excludes bona fide credits and returns for products and excludes amounts paid by You for sales or use taxes on the sale of any products or services. The royalty is in consideration of Your right to use the Intellectual Property and the System in accordance with this Agreement, and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of royalties, You agree to allow Us to modify which sales of products, goods or services sold or rendered by You will be calculated as "Gross Sales." In no event will the modification of royalties result in Your payment in excess of the royalty set forth above in Section 5.2.

5.3 Marketing Fees.

5.3.1 Marketing Fund. In addition to the initial franchise fee and royalty, You will pay Us a weekly marketing fee of two percent (2%) of Your Gross Sales for Our marketing, marketing and promotion programs.

5.3.2 Local Marketing. You also agree to allocate and spend at least an additional one percent (1%) of Your Gross Sales each month for local marketing, marketing and promotion programs every year in Your Territory. We reserve the right to increase the minimum local marketing requirement if We determine in our sole discretion, that to do so will be in the best interest of the System.

5.3.3 Marketing Cooperative. In the event a local marketing co-op is formed, You will be required to contribute to the marketing co-op as established and assessed by the co-op. This

contribution may vary in the timing of the assessment, but will not exceed Your required annual local marketing amount in any single year, unless a majority of franchisees in Your co-op vot to increase the contribution amount. Monies spent for co-op marketing, if any, may be counted in satisfying the above-referenced local marketing requirement.

5.3.4 Grand Opening Marketing. You must pay to Us a fee of five hundred dollars ($500) for Our assistance with Your grand opening marketing. This is due at the time you sign the Agreement. However, this amount may be reimbursed to you upon a showing that you have followed our grand opening marketing plan by providing the appropriate receipts.

5.4 Calculation and Reporting. The calculation, reporting and payment of the royalty and marketing fee specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Gross Sales Report. You will forward to Us by email or other electronic reporting program We may establish from time to time, not later than Monday of each week, a report of the financial activity of the immediately preceding week showing all monies received or accrued, sales or other services performed and such other information concerning Your financial affairs as We may reasonably require. For purposes of this Agreement, such information will be referred to as the "Gross Sales Report." You agree to promptly provide such reports to Us as may be required by this Agreement, in the Manuals, which may be amended from time to time, or as may be otherwise reasonably required from time to time by Us. We reserve the right to require all reports to be submitted daily in the future.

5.4.2 Payment Due Date. All royalty, marketing fees and other fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program, or as specifically directed by Us. Currently the royalty and marketing fees as shown and calculated on the Gross Sales Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account ("Operating Account" is defined as that account into which all receipts are deposited) not later than 3:00 p.m. Mountain Time on Tuesday of each week for the previous week's sales (Monday through Sunday) (the "Due Date"). Our current ACH agreement is attached hereto as Exhibit A-9 and may be modified by Us at any time in Our sole discretion. We reserve the right to require daily payment of all royalty, marketing, and other fees in the future. You agree to not have more than one Operating Account.

5.4.3 Late Fees. If the required royalty and marketing fees and Gross Sales Report or any other required reports or fees are not timely received by Us as set forth above, an assessment may be made against You of Fifty Dollars ($50) per day for each day the fees are not received by Us or ten percent (10%) of the fees due, whichever is greater, and Fifty Dollars ($50) per day for each day the report has not been received by Us up to a maximum of Two Hundred Dollars ($200) per month per late fee or report which is not timely received by Us. These fines are due within fve (5) days of notice to You, and the amounts may be adjusted by Us from time to time in the Manuals.

5.4.4 Interest. In addition, all royalty, marketing fees, and other fees not paid when due will be assessed and accrue interest from the Due Date to the date of payment, both before and after judgment at the rate of eighteen percent (18%) per annum or the maximum rate

allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees or otherwise which exceed or violate any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.5 Taxes. If there is hereafter assessed any nature of sales tax or use tax or other tax on royalties or marketing fees or other sums previously or hereafter received by Us under this Agreement ("New Tax"), then in addition to all royalties, marketing fees and other payments to be made by You as provided in this Agreement, You must also pay Us or the taxing authority, a sum equal to the amount of such New Tax. Any New Tax paid to Us will be paid when due to the taxing authority.

5.5 Financial Statements. You must provide Us with monthly financial statements, Including a profit and loss statement in accordance with the standard profit and loss statement template and balance sheet template required by Us to be used by You in Your Franchise Business, by the end of the following month. In addition, You must submit to Us within ninety (90) days after the end of each calendar year during the term of this Agreement, a complete financial statement for the preceding calendar year, Including profit and loss statement and balance sheet, which has been reviewed and certified by an independent public accountant. The financial statement and accompanying documents do not need to be audited unless specifically requested by Us, at Our discretion.

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agent, will have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You agree to keep complete and accurate books and records of Your operation of the Franchise Business.

5.5.2 Audit of Books and Records. In the event that any audit or investigation discloses a deficiency of two percent (2%) or more of the Gross Sales in the computation or payment of the royalty or marketing fee due Us, You must immediately pay Us the amount of the deficiency, the appropriate fee for late charges, and You must reimburse Us for the total expense of the audit or investigation, Including, the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Gross Sales for any time period or Your failure to retain and have available in an organized and readable fashion all required records will be deemed an understatement by more than two percent (2%).

5.6 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for royalties, marketing fees, franchise fees, purchases, late fees, interest or otherwise.

5.7 No Refunds. The royalty fees, marketing fees or other fees set forth in this Agreement are not refundable.

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.9 Customer Complaints. If We handle a customer complaint against You, You must pay Us a fine of Fifty Dollars ($50) per incident, plus You must reimburse Our costs to resolve the matter, if applicable.

5.10 Non-Compliance. You will be subject to fines and charges as set forth from time to time in the Manuals, for non-compliance with Our mandatory policies and procedures. Such fines and charges are to be paid upon billing or in accordance with Our electronic funds, ACH or other automatic withdrawal program as developed. (See paragraph 6.2.2)

ARTICLE VI
FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements and covenants set forth in this Agreement, You agree as follows:

6.1.1 Compliance with Applicable Laws. If You have a mobile kiosk franchise, You must place the mobile kiosk, at Your expense, in accordance with local, state and federal laws, rules and ordinances, Including zoning laws and operate in accordance with all laws. If You have a drive-thru or inline store franchise, You are required to comply with local, state and federal laws, rules, and ordinances in operating your business. You are solely responsible for ensuring compliance with the American's with Disabilities Act, the Patriot Act, OSHA, environmental laws, worker's compensation laws, the Affordable Care Act and all other applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You agree to obtain all required permits and licenses for the operation of Your Franchise Business. You agree to indemnify and hold Us harmless from any such violation or non-compliance. We have not made and You have not relied on any representation that no licenses, or only certain licenses, etc., are necessary in connection with the operation of Your Franchise Business. You agree to not engage in any activity or practice which results, or may reasonably be anticipated to result, in any public criticism of Our System or any part thereof. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

6.1.2 Appearance and Customer Service. You must establish and maintain the Premises and the surroundings in a clean, attractive manner and keep it in good repair and must give prompt, courteous and efficient service to the public and otherwise operate Your Franchise Business in strict compliance with Our System and policies, practices and procedures contained in the Manuals or otherwise communicated to You in writing and promulgated or provided to You from time to time so as to preserve, maintain and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees comply with any dress code, Mark, or brand-related standards that We may require, and/or otherwise identify themselves with the Marks at all times in the manner We specify while working in or about the Premises or otherwise representing or performing services for the Franchise Business. If Your Franchise Business is not maintained in a clean and attractive manner based on the standards of Our System as determined

by Us, You may receive a fine or charge as provided in the Manuals, and if uncured this Agreement may be terminated at Our discretion. You may not alter, change or modify the System in any way without Our prior written consent and approval.

(i) You agree to arrange the fixtures, signs, furniture and décor of the Franchise Business in strict compliance with the format recommended by Us and to strictly follow the System as outlined in the Manuals and to work with Our suppliers providing such items.

(ii) In addition, the mobile kiosk (if applicable), products, equipment, interior décor items, furniture, fixtures, uniforms, and signs must be purchased from sources designated or approved by Us; and

(iii) For delivery and installation, You are required to work directly with the manufacturer or services of any approved or required products, equipment, supplies and materials. We do not offer assistance in delivery or installation of any required or approved purchases.

6.1.3 Signage. You must have at least one (1) exterior sign and one (1) interior sign displaying the Marks, and a menu board. In addition, You agree to have the number of additional signs as provided in Our Manuals. All signs to be used on, or in or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You agree to maintain all signs in good condition and to undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary.

6.1.4 Training. You and Your managers are required to attend and successfully complete the five (5) day training program prior to opening Your Franchise Business. The training program is described in Section 7.4. In addition, You must attend and complete other training programs as may be specified by Us from time to time for which a fee may be charged.

6.1.5 Other Agreements. You agree to execute all other agreements required under this Agreement and to provide Us with a copy within fifteen (15) days of execution.

6.1.6 Management. You are not required to personally participate in the direct and on-premise operation of Your Franchise Business. However, Your Franchise Business must be managed by either You or a designated manager who will be required to devote his or her full time, attention and best efforts to the management and operation of Your Franchise Business. You agree to devote primary attention to Your Franchise Business. Your designated manager must successfully complete and pass Our initial training program before assuming management responsibilities. You must maintain sufficient inventory, supplies and products and employ adequate personnel so as to operate Your Franchise Business at its maximum capacity and efficiency. You and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities which would be detrimental to or interfere with the operation of Your Franchise Business. You understand and agree that this Agreement is granted based on Your commitment to Your Franchise Business. The possible success of Your Franchise Business is largely a function of the time, skill and energy You devote to it. Absentee management may significantly increase the risks associated with Your Franchise Business.

6.1.7 Operational Hours and Seasonal Opening and Closing Requirements. You must operate Your Franchise Business at least six (6) days per week at the hours We may designate throughout the year but, depending on the markets and location of Your Premises and changes to Our System, We reserve the right to require You to operate seven (7) days a week and at the hours We designate. The mobile kiosk's daily hours and days open can be dictated by weather conditions; however, all efforts should be made to ensure the store be opened weather permitting. You are not required to work a certain or minimum number of hours; however, You must work sufficient hours and employ adequate personnel to operate Your Franchise Business at maximum capacity and efficiency. If You have a drive-thru or inline store franchise, You must operate all year. The mobile kiosk franchise is generally a seasonal business. For the mobile kiosk franchise, Your Franchise Business must be open and operating once the average weekly temperature in Your Territory is 70 degrees Fahrenheit. You may not close the business until the average weekly temperature is below 70 degrees Fahrenheit. We reserve the right to adjust the seasonal requirements.

6.1.8 Remodel and Upgrades. At Your expense, You must repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish Your Premises and Hokulia® mobile kiosk from time to time as We may reasonably direct, but, other than required changes to the Marks, not more often than every five (5) years (except for required changes to the Marks that We may require at any time), to conform to the design, color schemes and presentation of trade dress consistent with Our then-current public image, Including, structural changes, remodeling, redecoration of the furnishings, fixtures and décor and such modifications to existing improvements as may be reasonably necessary, such that all Our franchisees and franchise businesses will have a generally similar look and appearance. In the event You relocate Your Premises to a new approved location, You must bring Your new Premises up to Our then-current standards.

6.1.9 Your Employees. You are solely responsible for the hiring, firing, compensation, benefits, and training of Your employees and the daily operations and interactions with Your employees. We do not assist You in the hiring, firing, management, or other employment decisions regarding Your employees, or in creating any policies or terms and conditions related to the management of Your employees or their employment.

6.1.10 Insurance.

(i) Minimum Limit Requirements. You must at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated "A" or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in Our sole discretion:

(a) Liability Insurance. General liability insurance insuring against all liability resulting from damage, injury, or death occurring to all persons or property in or about the Premises (Including products liability insurance), the liability under such insurance to be not less than $1,000,000 per occurrence and $2,000,000 in the aggregate or leasehold minimum, whichever is greater (combined single limit for personal injury, Including bodily injury or death, and property damage).

(b) You must also maintain and keep in force all insurance on your employees that is required under all federal and state laws.

(c) These policy amounts are required minimums, but Your lease may require higher amounts with which You are required to comply. In the event of damage to Your Premises covered by insurance, the proceeds of any such insurance must be used to restore the facility to its original condition as soon as possible (not less than 160 days) unless We consent otherwise in writing.

(ii) Policy Requirements. These policies must insure both You and Us and nominees as additional insureds against any liability which may accrue by reason of Your ownership, maintenance or operation of the Franchise Business wherever it may be located. These policies will stipulate that We will receive a thirty (30) day written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment within thirty (30) days of issuance.

These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain this insurance at Our discretion and You will pay us upon demand the premium costs. Failure to obtain and maintain the required insurance constitutes a material breach of this Agreement entitling Us to terminate this Agreement. We may periodically increase the amounts of coverage required and/or require different or additional coverage. You will also procure and pay for all other insurance required by city, state and federal law.

6.1.11 Pricing. We may to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and Including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and Including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. You cannot market prices lower than Our suggested prices outside of Your Franchise Business Premises. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.12 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications as they evolve over time. You must modify and upgrade, or change, at Your sole expense, Your computer system, POS system, hardware and software as We direct in writing from time to time. You must provide Us full 24 hour 7 day a week access, Including online access, and the right to "upload" or "download" information to and from all POS, computer, and other systems and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems. You must use any software We designate from time to

time. You agree that You will not make any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors or otherwise of any computer, POS, hardware or software system.

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us from time to time. You agree to retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all of Your other business records and related back-up material, tax returns and financial reports for at least five (5) years following the end of the year in which the items pertain, Including after the termination or transfer of this Agreement. You are required to follow any accounting procedures and line items as We may require and as updated in Our Manuals.

(ii) Merchant Account. At Your expense You agree to participate in Our merchant account and other point of sale programs as set forth in Our Manuals. You must apply for and maintain debit card, credit card, and other non-cash payment system using the merchant account and merchant account services as set forth in Our Manuals.

(iii) Compliance Monitoring System. You may be required to install a compliance monitoring system in your franchise business at reference points designated by Us. This compliance monitoring system is not a security system but is a management tool and We are not required to monitor Your franchise business. Both You and We will have the right to online access to the compliance monitoring system. By installing the compliance monitoring system, You and Your employees are waiving any rights to privacy, and You agree to include a provision in all Your employment applications requiring Your employees to sign and waive their right to privacy with respect to any compliance monitoring system. You agree to indemnify and hold Us harmless from and against any claim related to this paragraph.

6.1.13 Conferences and Seminars. In Our discretion, We may hold annual conferences or "franchise meetings" on a regional or national basis for all franchisees in good standing. These meetings will enable franchisees to come together to discuss improvements, new developments, mutual concerns and resolve business issues. Attendance is mandatory. The conferences may be held at various locations chosen by Us. In addition, We may charge a conference fee, and the cost of meals, lodging, employee salaries and travel to such meetings will be borne by You. We may conduct additional seminars and/or franchise meetings to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, marketing programs and merchandising procedures. If held, You may be required to attend, and You must pay for all Your travel and living expenses.

6.2 Quality Control.

6.2.1 Correction of Defects. Should We notify You at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business, You agree to immediately correct any such item or items. You agree to establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us. If you fail to do so, You may receive

a fine or charge as provided in the Manuals, and this Agreement may be terminated if a non-curable default is discovered or defaults have occurred on multiple occasions as set forth in Article XI.

6.2.2 System Compliance. You agree to strictly follow Our System, the Manuals, systems, mixes, recipes, formulations, and other directives promulgated or provided by Us from time to time and to promptly implement such changes in Your Franchise Business. We may approve exceptions or changes from the uniform standards which We, in Our sole discretion, believe necessary or desirable. You have no right to object to such variance or to obtain the same variance for Yourself. You must at all times maintain a valid email address, known and available to Us and frequently checked by You to facilitate Our communications with You. All mandatory specifications, standards, and operating procedures prescribed by Us from time to time in the Manuals or otherwise will constitute provisions of this Agreement as if fully set forth herein. We may deny any or all of the above services to You while You are in breach of this Agreement or a related agreement, or in default in the discharge of any of Your obligations to Us. You may not alter, change, or modify the System in any way without Our prior written consent.

(i) Gift Card Program. If We adopt a coupon, gift, or other discount program, You will be required to implement such program in Your Franchise Business, which may include access to a bank account, established by You, for card charges made at other of Our franchise units.

(ii) Required Purchases. You must purchase all of the Hokulia® food and beverage products, equipment, logoed and Hokulia® branded items, and other items and supplies from sources designated or approved by Us. We will provide You with a list of specifications for approved food and beverage products, equipment, supplies and materials.

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals and operations Including, change of concept, products, services, specifications, standards, requirements, policies, operating procedures, equipment, software, methods, reports, forms and sales and marketing techniques. You agree to accept, comply with and be bound by, use, not object to, implement and display any such changes to the System or operations. You will make whatever expenditures are reasonably required to implement such changes or modifications. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher costs. You must incorporate all such modifications within the time periods that We specify. We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgement be amortized during the remaining term of this Agreement. You are prohibited from making modifications to the System, Including to any recipes, to product packaging or any use of the Marks. You must strictly adhere to the supply chain as set forth by Us, and to use only Our approved menu items, products, suppliers, and vendors.

(iv) Inspections. You hereby consent to reasonable inspections and audits during normal business hours of Your Premises and/or Kiosk as set froth in Section 7.5 below

(v) Non-Compliance. You will be subject to fines and charges as set forth from time to time in the Manuals, for non-compliance with Our mandatory policies and procedures. Such fines and charges are to be paid upon billing or in accordance with Our electronic funds, ACH or other automatic withdrawal program as developed.

6.3 Miscellaneous Obligations.

6.3.1 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, member, and owner managers respectively, who own a five percent (5%) or greater interest, must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement.

6.3.2 Drug Testing. We may require You and Your management employees to submit to random drug testing at the time and place We feel necessary to ensure Your compliance with Our policies regarding drug use in the System; however, We are under no obligation to perform such testing on Your or Our behalf.

6.3.3 Vending Machines. No vending machine, cigarette machine, amusement devises, juke boxes, or other devices of similar nature, whether or not coin operated, are allowed to be installed or used on the Premises without Our prior written consent.

6.3.4 Disclosure. We can disclose in Our disclosure document or otherwise, any information concerning Your Franchise Business, Including Your name, address, telephone number, general financial and other information.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You.

ARTICLE VII
FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Franchisor's Services. We agree to the following:

7.1.1 Layout and Design. Counsel You in the physical aspects of setting up Your Hokulia® Premises and/or mobile kiosk. We will provide You with general specifications for the Premises layout, signs, equipment and interior décor. You must meet Our design standards and specifications unless waived in writing by Us.

7.1.2 Suppliers and Products. Provide You with a list of specifications and a list of approved or designated suppliers of food and beverage products, equipment, all logoed items and other items. We do not offer assistance in delivery or installation of any of these items; this is between You and the vendor/supplier. At Our discretion, at any time, We may add to or discontinue working with any of Our vendors or suppliers. There is no guarantee or promise that the

relationship with any of Our current vendors or suppliers will continue or be available to the System.

7.1.3 Opening Assistance. We may also provide one (1) day of training prior to Your store opening and one (1) day after Your opening at no additional charge. If you purchased a two (2) franchise unit package, We will provide the opening assistance for one (1) of the two (2) openings. If you purchased a three (3) franchise unit package, We will provide the opening assistance for two (2) of the three (3) openings. If you purchased a five (5) franchise unit package, We will provide the opening assistance for two (2) of the five (5) openings. We must assist with the opening of Your initial franchise, but You will decide which openings You would like Us to attend after Your initial franchise opening. If You postpone or reschedule Your opening, You must reimburse Us for any of Our costs to reschedule Our opening assistance.

7.1.4 Grand Opening Marketing. We may consult with you in planning the marketing for the opening of your Hokulia® franchise, but this will generally be planned with the assistance of Our agent using the funds You paid for grand opening marketing (see Article V above).

7.2 Operations Assistance. We will furnish You with guidance relating to the general operation of Your Franchise Business and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, Skype, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. (However, for problems and training for Your POS system and other equipment and warranty items, You must consult with the respective manufacturer or supplier of those items. We do not warrant any item). We are not required to provide in-person assistance to You. If You feel additional assistance is necessary (such as management training or motivational training for staff), We will provide such assistance to You based on advance notice, availability of personnel and Your payment of compensation at a rate of Three Hundred Dollars ($300) per day per person, or at such other rate as may be in effect at the time, plus the cost of food, travel and lodging incurred by Us. In addition, We may provide You with such continuing advisory assistance in the operation of Your Franchise Business.

7.3 Warranties. The respective manufacturers may replace defective equipment, products or software and other items purchased pursuant to the standard limited warranties of the manufacturer, and You agree to look to the manufacturer for any defective equipment, products or software. We will replace defective products and other inventory items purchased directly from Us pursuant to Our standard limited warranty, if any.

7.4 Training. We will train You in the various practices, policies and procedures of operation of Your Franchise Business in Our training program. This training will take place at Our training center in Layton, Utah or Our current headquarters. You and Your manager, if separate from You, are required to attend and successfully complete the training program at least four (4) weeks prior to the opening of Your Franchise Business. You and Your manager must attend the same initial training program. The length of training is generally five (5) days, but could be longer if You or Your designated manager fails to successfully complete the training. Successful completion will be determined by Our trainers but may include demonstrating knowledge of basic

policies and procedures, food preparation and assembly, daily operations, record keeping, computer system competency, marketing, marketing, and customer service. Failure to successfully complete training is a default of this Agreement. The training instruction is provided by Us without charge to You for up to three (3) management or executive-level persons; however, You must bear Your own travel, lodging, meals and all other living costs and expenses and salaries as well as those of Your employees at the training session. Additional persons to be trained will be at a cost of One Hundred Dollars ($100) per person per day, plus all expenses.

7.4.1 New Manager Training. We may provide training for Your new managers as required by Us at Our then-current fee. Our current fee for such additional training at Our facility is One Hundred Dollars ($100) per day per person to be trained. You must also bear the costs of travel, food, lodging and salaries of Your manager in connection with this training. We will train Your new manager at Your place of business for a fee of not less than Three Hundred Dollars ($300) per day plus Our expenses for transportation, food and lodging of each instructor. If required, Your new manager must be successfully trained within sixty (60) days of hire. In Our discretion, We may also train Your other employees as requested by You for the same charges and expenses.

7.4.2 Refresher Training. At Our discretion, at a time and location designated by Us, You and Your manager(s) will be obligated to meet with Our representatives for the purpose of discussing and reviewing Your operations, status and financial performance. If We, in Our sole discretion, determine such a meeting is necessary, the cost will be the same as new manager training.

7.5 Inspections. We may conduct periodic evaluations and inspections of Your Franchise Business at reasonable intervals by Our duly authorized representative for compliance with the System, customer service and the standards and procedures set forth in the Manuals. Our inspections may Include Your Premises, vehicles or kiosks, business records, operating procedures and reports, Including all computer drives and electronic storage devices, POS system, reports, account records and tax records. Upon Our request and at all reasonable times, You will provide to Us (electronically or CD at Our election) digital video and/or images of the interior and exterior of Your Premises and business vehicles as set forth in the Manuals. We will provide You a written "Shop Evaluation Report" with any suggested changes or improvements for the operation or management of Your Franchise Business or detail any defaults in operations which become evident as a result of any such evaluation or inspection. Fines and charges may be assessed for failure to meet Our evaluation or inspection standards in accordance with Our Manuals for such defaults, plus Our costs, or termination of this Agreement if a non-curable default is discovered. We may require, based on Your defaults or poor performance that We step in to manage Your Franchise Business for a period of time, as We deem advisable. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, bulletins or other written materials, telephone consultations and/or consultations at Our offices or at Your Franchise Business in conjunction with an inspection of Your Franchise Business. We have the right to communicate directly with Your manager and assistant manager concerning all matters of an operational nature.

ARTICLE VIII
PURCHASE OF PRODUCTS

8.1 Approved Products and Services. You agree to use, carry and provide only those menu items and other inventory items, products, goods and services that meet Our specifications and/or that are purchased from approved suppliers in accordance with Our Manuals. You agree to promptly add, remove or modify any menu item or other product or service upon notice from Us. You are prohibited from selling, leasing or offering any products or services not authorized by Us in writing.

8.2 Product and Service Specifications. We or Our affiliate may derive revenue from the sale of required goods and services through mark-ups in prices We charge to You for goods and supplies purchased from Us or We may receive compensation or discounts from the supplier for Your purchase of such items. You agree that We and/or Our affiliates are entitled to such fees and/or other consideration. Any monies paid to Us for goods or services are non-refundable.

8.3 Unapproved Suppliers or Products. If You desire to purchase or sell any items from an unapproved supplier, You must submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, ingredient lists and other data to permit Us to ascertain whether any such items meet Our specifications. There is no refund of this testing fee whether or not the requested supplier, vendor, or product is approved. We will notify You in writing and within a reasonable time as to whether such product, item, equipment or supplies meets Our specifications. Prior to testing, You will be required to pay a testing fee, of not less than Five Hundred Dollars ($500), to cover Our reasonable costs and expenses of testing. A supplier who is able to provide products, equipment and/or supplies meeting Our specifications may, as determined in Our sole discretion, become an approved supplier for Your Franchise Business only or for the System as a whole. We may, from time to time, make changes or alterations in the standards and specifications for the above items and approved suppliers. Should We approve a new item, the rights in and title to such items will become Our property. At Our discretion, We may revoke Our approval of an approved supplier upon thirty (30) days written notice to You.

ARTICLE IX
MANUALS

9.1 Manuals. We will loan You a copy of or allow electronic access to the proprietary and confidential Manuals. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. We have the right to update, modify and otherwise change the Manuals at Our sole discretion in order to maintain the goodwill associated with the System and the Marks. The master or most updated copy of the Confidential Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the Confidential Manuals.

9.2 Standards and Procedures. We may establish, from time to time, performance procedures, standards and specifications ("Standards") for the operation of Your Franchise Business and the products and services provided. We may change or update these Standards at Our

discretion. You must strictly follow these Standards. Failure to do so is grounds for termination of this Agreement

ARTICLE X
MARKETING

10.1 Marketing Fund. We have the right to institute, maintain and administer a national marketing, marketing and development fund (referred to as the "Marketing Fund") for such marketing, marketing or public relations programs as We, in Our sole discretion, may deem necessary or appropriate to market and promote the System. The fees for the Marketing Fund are listed in Paragraph 5.3.1. We may direct the Marketing Fund to be managed by Our affiliate or another entity or individual. You understand that some franchisees may have different marketing fees or other obligations from those described in this Agreement.

10.1.1 Marketing Fund Administration. We will direct all such programs, with sole discretion over 1) the creative concepts, materials, endorsements and media used in connection with such programs; 2) the source of the marketing or public relation efforts; 3) the placement and allocation of such programs; and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Marketing Fund can be operated through an entity separate from Us that has all rights and duties of Us relating to the Marketing Fund. We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We will not be liable for any act or omission with respect to the Marketing Fund or otherwise which is consistent with this Agreement or which is done in subjective good faith.

10.1.2 Marketing Fees and Marketing. The Marketing Fund may be used, in Our reasonable discretion, to reimburse Us for costs related to the administration of the Marketing Fund and any marketing, promotion and marketing efforts intended to benefit the System. We may use the Marketing Fund to offset a portion of direct costs to manage and maintain the Marketing Fund, Including the payment of staff salaries and other expenses for those employees who may be involved in Marketing Fund activities. You will participate in all marketing programs instituted by the Marketing Fund or by Us and We may receive payment for providing goods or services to the Marketing Fund. The Marketing Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement and We disclaim any such relationship. We have the right to loan the money to the Marketing Fund to cover any deficits. We reserve the right to use fees from the Marketing Fund to place marketing in national or regional media (Including broadcast, print or other media). We are not required to spend any amount on marketing directly in Your area or Territory. Funds may be used to solicit additional franchisees and to promote the brand. Any unused marketing funds in any calendar year will be applied to the following years' fund. You may request an unaudited annual report of marketing expenditures within ninety (90) days of the end of each year, upon written request.

10.2 Marketing Cooperative. At such time as We determine that there are a sufficient number of Hokulia® franchises in an Marketing Area (defined below), as designated by Us, We may form a local and/or regional cooperative marketing association covering such areas as We, in

Our discretion, deem appropriate, and We may disburse such funds as We believe appropriate from the Marketing Fund to any such local and/or regional cooperative marketing associations for local and/or regional marketing.. The required contribution amount is listed in Paragraph 5.3.3. Once established, We will provide the governing documents and make them available to all franchisees within the cooperative area. Upon the formation of a local or regional cooperative marketing association, You will automatically be deemed to be a member of such association as covers the area in which Your Franchise Business is located and will be bound by any decisions made by such association upon a majority rule by members voting. Voting will be on the basis of one vote per franchise unit in good standing in such association. All franchisees and company and affiliated-owned units, if any, within the Marketing Area will be required to join and contribute to the fund on the same basis or rate. The cost of marketing and promotional programs will be allocated among the members in the Marketing Area and each member will contribute equally to the local co-op fund based on a per franchise unit basis in the Marketing Area. "Marketing Area" is defined as a market with two (2) or more units in the same television, radio or newspaper market, as determined by Us. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time.

10.3 Local Marketing Requirement. You are required to market conduct locally as set forth in Section 5.3. In addition and upon request, You must submit an itemized report to Us documenting proof of expenditures for local marketing in a form We may require. We reserve the right to increase the minimum local marketing requirement if We determine, in Our sole discretion, that to do so will be in the best interest of the System.

10.4 Sample Marketing. Upon Your reasonable request, We will provide You samples of marketing and promotional materials developed by Us from time to time. Additional copies will be made available at cost plus ten percent (10%) for shipping and handling.

10.5 Approval of Marketing. You may develop marketing and promotional materials for Your use at Your cost. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Marketing that has been submitted by verified receipt or submission will be deemed approved if You do not receive written approval or disapproval within ten (10) business days. Any marketing You create or use becomes Our property and is considered a Work-for-Hire, and can be used by Us or other franchisees without compensation to You and may be made available on Our website. We have the right to disapprove previously approved marketing material at any time.

10.5.1 Marketing Compliance. You agree that all Your marketing and promotional activities must be done in strict compliance with Our Manuals and in good taste and must reflect favorably upon Us and the System. You agree to submit to Us, prior to publication, copies of all marketing, promotional and public relations materials, proposed to be used by You, Including, any use of the Internet, or other electronic or Social Media along with a description of how it will be used, by what media published and such other information thereon as may be reasonably requested by Us. All use of the Internet, or other electronic or Social Media by You in connection with Your Franchise Business will be specified by Us from time to time, and We can prohibit or condition any use by You of the Internet, or other electronic or Social Media in Our discretion.

10.6 Internet and Social Media. You may not create a website or Social Media site or engage in marketing on the Internet, Including posting for re-sell, items on third party re-sell or auction style websites, Including, eBay®, Craigslist, or Amazon.com, without Our prior written permission. If You receive permission from Us for Your own website or Social Media, all content placed on the site must be pre-approved in writing by Us, and You may be required to use Our website designers to create the site for a fee. You may be allowed to place pre-approved information concerning Your Franchise Business on Our website and Social Media sites, as developed by Us. You are required to provide Us all usernames, passwords and account information and any other information related to any of Your websites and Social Media site accounts immediately upon Our request. You may not claim any web listing on sites such as Yelp or Yellowpages.com. You must strictly comply with the policies and procedures established by Us regarding websites, Social Media and Internet marketing. Failure to comply with Our policies and procedures is considered a breach of this Agreement.

10.7 Your Obligations to Market. We will work together to develop plans for growth, capturing market share and name recognition. Neither We nor You are restricted from marketing Your Franchise Business in the Territory. Except for the rights expressly given to You there will be no limitation on Our rights to deal with potential or actual customers located anywhere. You are allowed to market outside of Your Territory as more fully set forth in the Manuals.

ARTICLE XI
BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach or violate and fail to cure (if curable) any material term, condition or provision of this Agreement in any respect or default in the performance or fulfillment of any material term or provision of this Agreement, Including, those breaches set forth herein below. Paragraphs 11.1 A-O, provide a specified cure period for certain breaches or defaults, while paragraphs 11.1 P-DD list non-curable breaches or defaults.

24-Hour Cure Period:

A. Heath Code Violations. All health code violations including federal, state, and Our health standards as provided in the Manuals must be cured no later than twenty-four (24) hours after notice of the violation.

15-Day Cure Period:

B. Failure to Pay. You fail to pay for any product or any franchise fee, royalty fee, purchase price, marketing fee, transfer fee, Successor Franchise fee, or other fee or amounts due to us, or You fail to pay for any product or other amounts due to Us, Our affiliates, or other designated, approved or other suppliers or assigns, within the time period specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

C. Failure to Accurately Report. You fail to accurately report Your Gross Sales or fail to submit any reports or records required under this Agreement or the Manuals.

D. Default Notice of Lease Agreement. You receive a notice of default under Your Lease or other agreement related to Your Premises or the placement of Your Kiosk.

E. Unauthorized Closure. Your Franchise Business is closed for a period of five (5) days or more consecutive days without Our Prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

30-Day Cure Period:

F. Failure to Open. You fail to open Your Franchise Business and commence operations within twelve (12) months of the date hereof or otherwise forfeit the right to transact Your Franchise Business, or fail to timely register a DBA or similar filing for use of the franchise name in the State where Your Franchise Business is located.

G. Non-Compliance. You fail or refuse to maintain and operate Your Franchise Business in a good, clean and professional manner and in compliance with the System and Manuals or the standards of quality or uniformity otherwise prescribed by Us.

H. Sale of Unauthorized Products/Services. You sell products, goods or services other than: 1) those approved or designated by Us; 2) which fail to conform to the System and specifications; 3) which are not in accordance with the methods or specifications prescribed by Us; or 4) You fail to sell the products or services designated by Us.

I. Failure to Transfer. Your heirs fail to affect an approved transfer within a reasonable time (not more than one hundred and twenty (120) days) following Your death or permanent incapacity (see Section14.10).

J. Failure to Allow Inspection. You deny Us the right to conduct an audit of Your books and records or to inspect Your Premises, Kiosk or operations or You fail to correct deficiencies noted by Us or otherwise fail to comply with any provision of the Manuals.

K. Non Promotion of Business. You fail to use Your best efforts in promoting and developing Your Franchise Business, You fail to market as required under this Agreement, You fail to participate in a marketing cooperative when established by Us in Your area, or You fail to employ adequate personnel to operate Your Franchise Business at maximum capacity and efficiency.

L. Insurance. You fail to maintain insurance as provided herein.

M. Violation of Laws. You fail to comply with any material federal, state or local law or regulation applicable to the operation of Your Franchise Business or fail to pay when due, obligations of taxing authorities, landlords, and other obligations of Your Franchise Business.

N. Failure to Complete Training. You or Your designated manager fail to complete the initial training.

O. Other Breaches. Except as provided below, You fail to comply with any other provision of this Agreement or the Manuals.

No-Cure Period:

P. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors, or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

Q. Unauthorized Duplication. You duplicate the System or use the System or any part thereof in connection with any other business.

R. Repeated Breaches. You repeatedly breach (defined as three or more times) the same or different conditions of this Agreement or the Manuals within a twelve (12) month period.

S. Unauthorized Use of Marks. You use any Mark or other proprietary or property right, either tangible or intangible, granted by this Agreement other than in connection with the operation of Your Franchise Business.

T. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety.

U. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business or You engage in conduct which reflects materially upon the operations and/or reputation of Your Franchise Business or the System in an adverse manner.

V. Abandonment. You abandon Your Franchise Business.

W. Unauthorized Transfer. You attempt to Transfer (as defined in Article XVI below) all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or any portion of Your franchise entity, or You attempt to purport to sublicense to another any of the rights, property licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

X. False Reporting. You knowingly or intentionally conceal revenues, maintain false books, or records or submit any false report or payment or otherwise defraud Us.

Y. Crimes. You or any of Your owners, officers, directors, members, managers or principals commits or is convicted of or pleads guilty or no contest to, a felony, a crime involving moral turpitude or any other crime, offense, or behavior that We believe is reasonably

likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Our interest therein. You or Your owners, officers, directors, members, managers or principals make disparaging remarks against Us, Our parent, subsidiaries, predecessors, affiliates, Our management, Our employees, the System, or the Hokulia® brand to Our other franchisees or in a public forum, Including, radio, television, newspapers, the Internet, and Social Media Sites. Any such behavior will be damaging to Our System and goodwill and will be a material breach of this Agreement.

Z. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly, disclose or use the contents of the Manuals, trade secrets or confidential or proprietary information provided to You by Us in violation of this Agreement. You hire or attempt to hire any employee of Ours or any of Our franchisees without written permission.

AA. Default of Lease Agreement. Your lease agreement for the Premises is terminated.

BB. Illegal Drug Use. You or Your officers, directors, members, managers or principals use illegal drugs or abuse prescription medication or refuse to submit to a drug test.

CC. Unauthorized Modification. You modify in any degree by adding to or taking from or changing the contents or flavor of any recipes, formulas, spices or other proprietary food items as well as using any substitute ingredients or procedures in violation of the Operations Manual or this Agreement.

DD. Default of Another Agreement. You, or a related entity to You, default under the terms of any other franchise agreement or multi-unit development agreement with Us.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may in writing demand adequate assurance of due performance and, until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within thirty (30) days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. In the event of a default by You, all of Our costs and expenses arising from such default(s), Including reasonable legal fees and reasonable charges for Our employee's time related to the default(s) must be paid to Us by You within five (5) days following Our demand for payment.

11.2.1 24-Hour Curable Defaults. If the default is curable as set forth in Paragraph 11.1A above, You must cure all such defaults within twenty-four (24) hours from the date of notice of default; or

11.2.1 15-Day Curable Defaults. If the default is curable as set forth in Paragraphs 11.1B-E above, You must cure all such defaults within fifteen (15) days from the date of notice of default; or

11.2.2 30-Day Curable Defaults. If the default is curable as set forth in Paragraphs 11.1 F-O above, You must cure all such defaults within thirty (30) days from the date of notice of default; or

11.2.3 No Cure Period Defaults. If the default is one which is incapable of cure as set forth in Paragraphs 11.1 P-DD above, termination is effective as of the date of the notice of default.

Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. Upon Your failure to cure any default within the time period specified in Paragraphs 11.2.1 and11.2.2 above, or if You commit a non-curable default as specified in Paragraph 11.2.3 above, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, Including, penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby, Including, (1) improper use of the Marks or System; (2) unauthorized assignment of this Agreement; (3) violation of the covenant not to compete; and/or (4) Your failure to meet or perform Your obligations upon termination or expiration of this Agreement. If We secure an injunction or order of specific performance, You will pay all reasonable costs incurred by Us in obtaining the injunction, Including reasonable attorney's fees.

11.3.3 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such termination will be effective upon delivery of a notice of termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity.

11.3.5 Cross Default. In Our sole discretion, We may terminate any other agreement You or a related entity have with Us.

11.4 No Right of Termination. You may not terminate this Agreement.

11.5 Opportunity to Cure. Prior to taking any action against Us, You agree to first give Us sixty (60) days prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such sixty (60) day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You will give Us such additional time as is reasonably necessary to cure.

ARTICLE XII
TERMINATION AND EXPIRATION

12.1 Upon termination or expiration of this Agreement for any reason or the non-granting of a Successor Franchise, You will immediately cease to be Our Franchisee and must:

12.1.1 Payments Due. Immediately pay for all product purchases, royalty and marketing fees and other charges, fees and obligations owed or accrued to Us, Our affiliates or designated suppliers. In addition, You will be responsible to pay Us any post-term expenses, Including attorney's fees and costs to enforce Your post-term obligations.

12.1.2 Cease Use. Not hold Yourself out as a Hokulia® franchisee or business and immediately comply with the following: permanently cease to market or in any way use the System, Intellectual Property, materials, methods, procedures, processes and other commercial property, or promotional materials provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Disassociation. Take all necessary steps to disassociate Yourself from the System and Your Franchise Business, Including, the removal of signs, destruction of letterheads, changing of telephone listings, telephone numbers, Internet sites and web pages and the like and to assign and transfer the telephone listing, telephone numbers, e-mail addresses, URL's, home and other web pages and Social Media pages to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, and Social Media pages and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers.

12.1.4 Cancel DBA. Take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.5 Notify Suppliers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. You covenant not to use any of Our trade secrets or confidential or proprietary information or materials following the termination of this Agreement and not to identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.6 Return Materials. At Your cost, return to Us by first class prepaid United States Mail, (Including originals and any copies) Our Manuals, all training, marketing and promotional aids and materials and all other printed materials and any other confidential information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.7 Modification of Premises. You will, at Your expense, alter, modify and change both the exterior and interior appearance of Your Franchise Business Premises to Our satisfaction, so that it will be easily distinguished from the standard or common appearance of a Hokulia® business and will cease using the signs, displays, advertisements, promotional materials and the like that are unique or distinctive to the System.

12.1.8 Pay Damages. Pay to Us all costs, damages and expenses, Including, reasonable attorney's fees incurred by Us in obtaining injunctive or other relief to enforce any provision of this Agreement.

12.1.9 Proprietary Information. Cease using or availing Yourself of any of Our proprietary or Confidential Information.

12.1.10 Customer Data. Provide Us with Customer Data for all current, prior and expectant customers of the Franchise Business.

12.1.11 General Release. Execute a general release by You and Your guarantors.

12.1.12 Evidence of Compliance. Furnish evidence satisfactory to Us of compliance with this Section 12.1 within thirty (30) calendar days after the termination or expiration of this Agreement or the non-granting of a Successor Franchise.

12.2 Upon termination or expiration of this Agreement or any Successor Franchise, for any reason:

12.2.1 No Compensation. No payment is due to You from any source on account of any goodwill, intangible assets or other equity claimed by You arising from Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and in the future exclusively to Us.

12.2.2 No Refund. No fees, charges, royalties, marketing fees or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use or take advantage of the System, the Intellectual Property or the goodwill of the Franchise Business.

12.3 Survival of Provisions. All of the provisions of this Agreement, which by their terms or implication apply following the expiration, transfer or termination of this Agreement, will survive and will apply following expiration, transfer or termination of this Agreement, Including Your obligation to pay all amounts owed and You will continue to observe the confidentiality,

non-competition and other restrictions of this Agreement and the provisions with respect to arbitration and dispute avoidance.

12.4 Our Rights. If You continue to operate Your Franchise Business, or any business offering similar products and services, after transfer, repurchase, termination, or expiration of this Agreement, or non-renewal, using any of the Marks or any aspect of the System, Our remedies will Include recovery of the greater of (a) all profits earned by You in the operation of Your business or similar business after such transfer, repurchase, termination or expiration; or (b) all royalties, marketing contributions and other amounts which would have been due if such transfer, repurchase, termination, Successor Franchise or expiration had not occurred.

ARTICLE XIII
PURCHASE OPTION

13.1 Purchase Option. Upon expiration or termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your inventory, equipment, signs and accessories and other personal property relating to Your Franchise Business at the then-existing fair market value of such item or items as of the date of expiration, non-granting and a Successor Franchise or termination of this Agreement. If the fair market value is not agreed to by the parties, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within sixty (60) days of such expiration or termination ("Option Period") by giving written notice to You of Our intent to exercise Our option to purchase. We have the right to use Your assets and Premises during the Option Period, and in such case We will pay You the fair market value of such use. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid in cash within the Option Period. If We have not notified You of Our election to exercise this option within the Option Period it will be conclusively presumed that We have elected not to exercise Our option and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your lease under the provisions of paragraph 4.5.3 above.

13.1.3 Warranties. The purchase contract for such assets and contracts, as set forth in paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the assets and contracts being purchased, Including, warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

13.2 No Goodwill. We have no obligation to pay for goodwill or other intangible assets or costs of Your Franchise Business.

ARTICLE XIV
SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold or We may sell any part of or all of Our Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction. You waive all claims, demands and damages with respect to any transaction or otherwise allowed under this Section or otherwise. You will fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing.

14.2 No Assignment by You Without Approval. This Agreement is personal as to You, and is being entered into in reliance upon and in consideration of Your qualifications and representations. Therefore, neither this Agreement nor any of its rights or privileges, nor any shares or units in the ownership of Your entity or Your Franchise Business may be Transferred (as defined below) in any manner by You or anyone else unless Our prior written approval is obtained. You will provide Us with all documentation relating to the transfer of Your Franchise Business. Said approval will not be unreasonably withheld, but may be conditioned upon Our satisfaction with the character, business experience and credit rating of the proposed transferee and its partners, members or officers and controlling stockholders, if it is a partnership, corporation or limited liability company. The term "Transfer" as used in this Article XVI and elsewhere where capitalized, Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, mortgage or granting of any security interest.

14.2.1 Transfers to Competitors Prohibited. In order to maintain the confidentiality of the proprietary information of the System, You agree that as a condition to becoming Our franchisee, neither You nor any of Your owners if you are an entity, may Transfer any part of this Agreement or any part of his or her ownership in Your entity, if applicable, to a competitor of Ours or an affiliate of a competitor of Ours without Our explicit written permission. Any such Transfer without Our explicit written approval will be considered void ab initio.

14.2.2 Transfer of Undeveloped Territory. You may not sell or transfer Your franchise to a third party if You have not developed the Franchise Unit in the Territory. Developed means that you have opened the Franchise Unit in the Territory.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, credit worthiness, background, training, personality, reputation, and business experience of the proposed transferee, the terms and conditions of the Transfer and any circumstances that would make the Transfer not in the best interests of Us or the System Including, the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer. Neither We nor Our affiliates will be liable to

You or the transferee or any other person or entity relating to the Transfer and You agree to indemnify and hold Us harmless from any liability whatsoever relating thereto.

14.4 Application for Transfer. Upon any proposed Transfer of this Agreement, or any interest in it, You agree to submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.5 Transfer Fee. As a condition of Our approving the Transfer of this Agreement as Your Franchise Business, You agree to pay to Us a transfer fee of Ten Thousand Dollars ($10,000). The transfer fee is non-refundable, and is only payable at the time of the approved Transfer.

14.6 Permitted Transfers. If a proposed Transfer is only among existing shareholders or members of a corporation or limited liability company franchisee, or among existing partners of a partnership franchisee, or by an individual or partnership franchisee to a corporation or limited liability company controlled by and owned not less than sixty percent (60%) by You, Including Your current owners, there will be no transfer fee and, We will not be entitled to exercise Our right of first refusal. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face the Transfer thereof is subject to the restrictions of this Agreement. Any new owner with an ownership of ___ percent (____%) or more in Your Franchise Business or Your entity must personally guarantee the obligations of the Agreement.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us, and are grounds for termination of this Agreement. You agree that using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited, unless We specifically consent to any such action in writing prior to the proposed transaction. You agree not to purport to grant a sub-franchise under this Agreement nor to otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer this Agreement or Your Franchise Business in whole or in part, or any material portion or property used by You in connection herewith, whether or not binding on Us, will be grounds for the immediate termination of this Agreement, unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of this Agreement or Your Franchise Business and as a condition for Our approval of any Transfer, You agree as follows:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You must have submitted all required reports, financial statements and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with Your Franchise Business must be assumed by the transferee.

14.8.4 New Franchise Agreement. The transferee must sign the then-current form of the Franchise Agreement and fully upgrade the Franchise Business and Premises to the level required of new franchisees.

14.8.5 Payment for Training. The transferee must pay for and complete the training program required of new franchisees. The cost of such training will be at Our standard rate for training new managers, plus the cost of travel, food and lodging for the trainers.

14.8.6 Transfer Fee. You must pay the transfer fee set forth in Section 14.5.

14.8.7 General Release. You and each of You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Receipt of FDD. At Our discretion, the transferee must sign a document stating that it has received a copy of the franchise disclosure documents at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to closing and that We have made no representations, promises, or covenants concerning the past or future success of the franchise.

14.8.9 Survival of Covenants. Your non-competition, indemnity and confidentiality obligations and the provisions relating to dispute resolutions will survive any transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your assets, this Agreement, the Franchise Business or ownership in Your entity (collectively "Assets") on such terms and conditions specified in a bona fide written offer from a third party, who would satisfy the criteria for approval under Section 14.6 other than a Transfer to an entity controlled and owned at least sixty percent (60%) by You. You agree to notify Us in writing of the terms and conditions of the Transfer, Including the Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer, Including any additional data concerning the transaction requested by Us from You, We will have sixty (60) days in which to advise You in writing of Our election to have the Assets Transferred, assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to thirty (30) days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. If You are a corporation or

limited liability company, then the above right of first refusal provisions will apply to the Transfer of control or forty percent (40%) or more of the shares of the corporation, or ownership or membership interest in the limited liability company from how they are currently owned at signing this Agreement. If Your Franchise Business is not Transferred to such third party within three (3) months after We elect not to purchase the Assets, You must re-offer Your Franchise Business to Us before You may Transfer to a third party. We have no obligation to purchase Your Assets.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under Section 14.8 above. However, if there are any material changes in the terms and conditions of the proposed transfer after You notify Us of the proposed Transfer, Including any changes in the terms and conditions occurring after We notify You of Our election not to purchase the Assets pursuant to Our right of first refusal, and any of those changes are less favorable to You, You agree to notify Us of the changes in writing and We will have an additional ten (10) days within which to elect to purchase the interest proposed to be Transferred on the revised terms and conditions. If the proposed Transfer is not completed for any reason after We elect not to purchase the Assets being Transferred, a new right of first refusal commences as to any subsequent proposed Transfers by You.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or general partner or manager of an entity franchisee, (the term "incapacity" means any physical or mental infirmity that prevents the person from performing his or her obligations under this Agreement: (i) for a period of sixty (60) or more consecutive days, or (ii) for one hundred (100) days during a calendar year) the heirs or personal representative will have the right to continue Your Franchise Business; provided that within a reasonable time (not more than one hundred and twenty (120) days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new managers and franchisees, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to transfer Your Franchise Business. If a decision to transfer is made, the transfer procedures explained above will apply. If We are required to run Your Franchise Business for a time due to Your death, incapacity, unexcused absence or as otherwise allowed under this Agreement, We will charge an operation fee of Three Hundred Dollars ($300) per day per representative plus Our costs of travel, food and lodging. In addition, You will continue to pay all royalties, marketing fees and other fees due under this Agreement.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse or a third party all or any part of Your interest in this Agreement or Your franchise entity, and/or in any property related thereto, such an order will constitute a Transfer of this Agreement and will cause the transferee to be subject to all of the terms and conditions concerning Transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the Hokulia® franchises outstanding or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all of Your rights and interests in and under this Agreement and Your Franchise Business at fair market value payable on terms as reasonably negotiated. The purchase price will not include compensation for any successor term or goodwill. Local goodwill may be taken into account in determining the value of Your Franchise Business. Local goodwill is that goodwill which is established in the mind of the public within Your Territory, and only within Your Territory. If the purchase option is exercised, You will execute a general release to Us. We will close Our purchase within sixty (60) days after You receive notice of intention to exercise Our right or as soon thereafter as reasonably practical.

ARTICLE XV
RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement nor in the franchise relationship constitutes You as Our partner, agent, joint employer, or joint venturer with Us and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are responsible for the management and control of Your Franchise Business, Including, its daily operations, managing and directing employees, contractors, and sales persons and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense Including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. As used herein, Franchisor will also mean Franchisor's predecessors, affiliates, and Franchisor's officers, directors, members, managers, shareholders, employees, licensees, agents or others with whose conduct Franchisor is chargeable. Neither party will act or have the authority to act as agent for the other and neither You nor We will guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You agree to post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You agree to defend, indemnify, and hold Us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors or omissions in the operation of Your Franchise Business or Your Franchise Business generally, and Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees, and other laws regarding public accommodations for persons with disabilities.

ARTICLE XVI
COVENANT NOT TO COMPETE

16.1 In Term Covenants. You and We share in a common interest in avoiding situations where persons or companies who are or have been Hokulia® franchisees operate or otherwise become involved with a substantially similar competing business during the term of this Agreement. During the term of this Agreement and for any extensions or Successor Franchises hereof, You agree that neither You nor Your family, will own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any wholesale or retail shave ice or other frozen dessert business or other business offering products or services the same as or substantially similar to Your Franchise Business or the System in any capacity or location, except with Our prior written consent. You understand and acknowledge that to violate this Section will create irreparable harm. Your owners, members, directors, officers, managers and shareholders shall execute the standard Non-Disclosure and Non-Competition Agreement and Confidential Recipe Agreement for Principals attached as Exhibit(s) "A-3" and "A-5" respectively. Your principal employees must execute Our Employee Confidential Information Non-Competition Agreement and Employee Confidential Recipe Agreement as attached hereto as Exhibits "A-4" and "A-6." These non-competition and confidential recipe agreement exhibits are incorporated by reference herein. A copy of all such agreements must be promptly delivered to Us within one (1) week of execution.

16.2 Confidentiality. You agree that at no time, either during the term of this Agreement, any extensions or Successor Franchises hereof, or at any other time will You or any of those over whom You have control make any unauthorized disclosure or use of Our Confidential Information. We will disclose the Confidential Information to You when rendering guidance and assistance to You under the terms of this Agreement, Including by way of example, furnishing the Manuals. You acknowledge and agree that the Confidential Information is proprietary, involves Our trade secrets and is disclosed to You solely on the express condition that You agree not to use the Confidential Information in the operation of any other shave ice or other frozen dessert business or other business, to maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, not to make any unauthorized copy, duplicate, record, or otherwise reproduce all or any portion of the Confidential Information disclosed in written form, to never contest the validity of Our exclusive ownership of and rights to the System or the Confidential Information, and to adopt and implement all reasonable procedures prescribed from time to time by Us to prevent unauthorized use or disclosure of the Confidential Information.

16.3 Post Term Covenants. Upon termination or expiration of this Agreement for any reason, or any transfer, repurchase or termination of Your rights hereunder and for a continuous, uninterrupted period of two (2) years thereafter, neither You, nor Your family will, directly or indirectly, participate as an owner, operator, shareholder, director, partner, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, franchisee or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in the sale or offering of products or services similar to Ours or using a business format which is the same as or similar to Our System within Your Territory or

within ten (10) miles of Your Territory or within ten (10) miles of the territory of any System franchise or any other Hokulia® operation at the time of termination, Transfer or expiration of this Agreement. You will not divert or attempt to divert any business of or any customers of any System franchise or Hokulia® business operations to any other competitive establishment, by direct or indirect inducement or otherwise.

16.3.1 Tolling of Covenant. In the event You compete during the term of non-competition, this non-compete time period will be extended for the period of Your competition, plus an additional six (6) months.

16.4 Non-Solicitation. You agree not to employ or seek to induce any employee of or party under contract with Us or Our franchisees or Our subsidiaries or affiliated companies, to leave his or her employment with Us or said entities during the term of this Agreement, or any Successor Franchises or extensions hereof and for a period of two (2) years after the termination of this Agreement or any Successor Franchise.

16.5 Survival of Covenants. The foregoing covenants will survive the termination or expiration of this Agreement and will apply regardless of whether this Agreement was terminated by lapse of time, by default of either party, or for any other reason.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article XVI is likely to cause substantial and irreparable harm to Us and the System. You agree that the restrictions contained in this Agreement are reasonable and necessary for Our protection and the protection of other franchisees in the System.

16.7 Modifications. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, they will be reduced to that level which provides the greatest restriction, but which is still enforceable. You and We agree that such restrictions will be enforced to the fullest extent possible.

16.8 Our Remedies. If the post-term restrictions of this Article XVI are unenforceable or are reduced to a level which We, in Our reasonable business judgment, find unacceptable, We may, in addition to any other remedies available to Us, require You to pay Seventy Five Thousand Dollars ($75,000) per competing store, drive-thru, or mobile kiosk and for a period of two (2) years from the date of termination or expiration of this Agreement to pay a fee of one-half (1/2) of the royalties and marketing fees which would be payable if the business in question was a Franchise Business.

16.9 Enforceability. You agree that the terms of the provisions of this Article XVI are fair and reasonable in light of the circumstances and were in part, based o nthe perceived or potential value of the System and the business relationship that You and/or Your entity has and will have with Us. It is the desire and intent of the parties to this Agreement that the provisions of this Article XVI be enforced to the fullest extent permissible under applicable laws. You understand and acknowledge that We have the right in Our sole discretion, to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately

upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

ARTICLE XVII
DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") arises between Us in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Salt Lake City, Utah or at Our then-current headquarters and within thirty (30) days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such matters and if desired by either You or Us, the matters will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert or counsel for any party with respect to the dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, any Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied and reasons for the decision.

(i) Arbitration Procedures. In any arbitration the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other

communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of twenty-five (25) (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, Including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

(ii) Individual Dispute. Any Dispute must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other person.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of one (1) year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two (2) years after the first act or omission giving rise to an alleged claim.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. You agree that We will not be liable for any act or omission which is consistent with this Agreement or which is done in subjective good faith. If You bring an action for alleged wrongful termination of this Agreement and provided that the termination has not resulted in a closure of Your Franchise Business, Your sole remedy will be to be reinstated as a franchisee with no award of damages. If the termination results in a closure of Your Franchise Business Your sole remedies will be reinstatement as a franchise and to receive compensation for economic losses directly incurred by You as a result of such closure, conditioned upon Your duty to mitigate.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of

the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards, or other interim relief), that party can appeal, within thirty (30) days of such final award, to a three (3) person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the arbitrator and arbitration organization equally during the arbitration. However, the prevailing party in any arbitration, Including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

ARTICLE XVIII
NOTICES

18.1 Notices. All notices permitted or required under this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) through the email address below or other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, three (3) days after deposit in the mail addressed as follows:

FRANCHISOR:

Hokulia Franchising, Inc.
872 W. Heritage Park Boulevard, #110
Layton, Utah 84011
Facsimile: (801) 776-0792
Email: mark@hokuliashaveice.com

(or Our then-current headquarters)

FRANCHISEE:

_____, LLC/Inc.
_____
_____
Facsimile: _____
Email: _____

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred forty-eight (48) hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three (3) days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX
CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction exclusively in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and We both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration, if applicable. For purposes of this Agreement, "prevailing party" Includes, the Party which obtains a judgment in their favor, or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

19.6 No Limitation of Our Rights. We may, in Our discretion, elect not to enforce or selectively enforce any provision of this Agreement whether with respect to You or any other franchisee and such acts or omissions will not limit or otherwise affect Our rights to strictly enforce this Agreement.

ARTICLE XX
MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, Including those of a third party beneficiary, under any contract, understanding or agreement between Us and any other person or entities, unless that

contract, understanding or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that he, she or they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If two or more persons, corporations, limited liability companies, partnerships or other entities, and/or guarantors, sign this Agreement, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the Franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You covenant and agree that You will not offset nor withhold the payment of any royalties, fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, Including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. You will not be liable by reason of any failure or delay in the performance of Your obligations hereunder on account of strikes, fires, flood, storm, explosion or other cause which is beyond Your reasonable control. This Section 20.9 will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously

with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document.

20.11 Amendments. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement, and are binding.

20.12 Effective Date. This Agreement will become effective only when executed and accepted by Us at Our headquarters.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of marketing, marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses in order to operate Your Franchise Business; 7) any location will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, vary, the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction that We believe are necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this Franchise.

20.17 Representations of Non-Violation. You represent and warrant that You may enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between them or any of them and any third party or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of the Hokulia® Franchise Disclosure Document ("FDD") for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us, and during which time You had the opportunity to submit the FDD for review by legal counsel.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You will not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterpart Signatures. This Agreement and its Exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

ARTICLE XXI
DEFINITIONS

21.1 "Confidential Information" means any information relating to Your Franchise Business, the Hokulia® products or the development or operation of a Hokulia® unit or relating to the System as a whole, Including: (i) methods for the preparation of Hokulia® products; (ii) Our recipes Including, ingredients, flavors, composition, mixes, spices, sauces, and dressings, preparation and formulation trade secrets, methods, techniques, formats, layout, trade dress, specifications, hardware, software, systems, proprietary technology, procedures, equipment, sales and marketing programs and techniques and knowledge of an experience in the development and operation of Hokulia® units; (iii) knowledge of, specifications for, and suppliers of, certain Hokulia® products, materials, supplies, equipment, furnishings and fixtures; (iv) knowledge of operating results and financial performance of Hokulia® units; (v) Our strategic plans and concepts for the development, operation, or expansion of Hokulia® units of the System; (vi) the contents of Our Manuals or any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship; (vii) all Customer Data, Including phone numbers and email addresses whether created by Us or You; and (viii) certain other Intellectual Property generally deemed confidential.

21.2 "Including" throughout this Agreement, the term "Including" or "Includes" will mean, "including but not limited to," "including, without limitation," and similar all-inclusive and non-exhaustive meanings.

21.3 "Intellectual Property" means all parts of the System particular to Us and shall collectively include all Marks, names, copyrights, systems, patents, patent applications, trade secrets, software, recipes, formulations, operations, and Manuals.

21.4 "Marks" means the federally registered and common law trademarks owned by Our parent and licensed to Us, whether now or later developed, and licensed to You for use only in association with Your Franchise Business, Including, Hokulia® and the Hokulia® logo. "Marks" will also include any and all names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols licensed to You pursuant to this Agreement or used in connection with the System or later added to the System.

21.5 "Manuals" consists of one or more guides, manuals, Including an operations manual and/or policies and procedures manuals technical bulletins or other written materials and may be developed, modified, and supplemented by Us periodically. The Manuals may be in printed or in an electronic format in Our discretion. We reserve the right to require You to use an electronic version of the Operations Manual and to require You to access the document using the Internet or an intranet created and supported by Us.

21.6 "Social Media" means any and all websites and web or Internet pages for social interaction, business operation, marketing, and other online information communications, whether now or later developed, Including, Facebook, LinkedIn, Pinterest, Twitter and the like.

21.6 "We," "Our(s)," or "Us" only as applied to Paragraphs 2.2.3 and 14.8.7, and Sections 15.1, 15.2, 16.4 and 20.15 and Articles XI and XV Includes Our predecessors, parents, affiliates, subsidiaries and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable.

21.7 "You" or "Your" Includes all signers of this Agreement, Including all guarantors and Includes all current and subsequent members, owners, partners, shareholders, managers, directors, officers, owners, agents, affiliates, principal employees and with those whose conduct You are chargeable.

WE CANNOT RELIABLY PROJECT YOUR FUTURE PERFORMANCE, REVENUES OR PROFITS, AND YOU REPRESENT, COVENANT AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING YOUR SUCCESS AS A FRANCHISEE AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF THE BUSINESS OPERATIONS UNDER THIS FRANCHISE AGREEMENT. THE SUCCESS OF YOUR BUSINESS IS LARGELY DEPENDENT ON YOUR PERSONAL EFFORTS.

WE EXPRESSLY DISCLAIM THE MAKING OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE SALES, EARNING, INCOME, PROFITS, GROSS REVENUES, BUSINESS OR FINANCIAL SUCCESS, OR VALUE OF YOUR FRANCHISE BUSINESS.

YOU ACKNOWLEDGE THAT YOU HAVE HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT AND RELATED DOCUMENTS REVIEWED BY YOUR OWN ATTORNEY.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

HOKULIA FRANCHISING, INC.

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

_____ **(LLC/INC.)**

By: _____
(Signature)

Name: _____

Title: _____

If the franchisee is not an entity, each person must sign personally,

By: _____
(Signature)

Name: _____, personally

By: _____
(Signature)

Name: _____, personally

THE SIGNATURE OF EACH PERSON AND/OR COMPANY SIGNING THE FRANCHISE AGREEMENT MUST BE NOTARIZED

COMPANY ACKNOWLEDGMENT:

STATE OF _____ :
: ss
COUNTY OF _____ :

On the _____ day of _____, 20___, personally appeared before me _____ who duly acknowledged to me that he or she executed the above Franchise Agreement as the manager/officer of _____, **LLC/Inc.,** and that the within and foregoing was signed in behalf of said company by authority of its members/shareholders, and said each duly acknowledged to me that said company executed the same.

_____
NOTARY PUBLIC

On the ___ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above Franchise Agreement individually.

_____
NOTARY PUBLIC

On the ___ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above Franchise Agreement individually.

_____
NOTARY PUBLIC

IF FRANCHISEE IS A CORPORATION OR LIMITED LIABILITY COMPANY, ALL SHAREHOLDERS OR MEMBERS OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS FRANCHISE AGREEMENT AS PROVIDED BELOW

The undersigned shareholders/members of the Franchisee, hereby execute, guaranty and agree to be bound by the terms and conditions of the Hokulia® Franchise Agreement, dated the ___ day of _____, 20_____.

By:_____
Signature
Print Name: _____
Ownership: MEMBER/SHAREHOLDER
(circle one)

By:_____
Signature
Print Name: _____
Ownership: MEMBER/SHAREHOLDER
(circle one)

By:_____
Signature
Print Name: _____
Ownership: MEMBER/SHAREHOLDER
(circle one)

By:_____
Signature
Print Name: _____
Ownership: MEMBER/SHAREHOLDER
(circle one)

THE SIGNATURE OF EACH PERSON SIGNING ABOVE MUST BE NOTARIZED

On the ___ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above individually.

_____
NOTARY PUBLIC

On the ___ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above individually.

_____
NOTARY PUBLIC

PERSONAL GUARANTY AND AGREEMENT TO BE

BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT.

In consideration of the execution of the Franchise Agreement, dated the _____ day of _____, 20___, ("Franchise Agreement") by Hokulia Franchising, Inc., ("Franchisor") and for other good and valuable consideration, the undersigned ("Guarantor"), for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby guaranty the full performance of the terms and conditions of and liability for the aforesaid Franchise Agreement and related documents.

Guarantor understands that a separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against the franchisee, or any or all of them, or whether any other Guarantor or the franchisee is or are joined in the action.

Guarantor agrees that any claims, controversy, or dispute of Guarantor will be governed by the provisions of Article XVII and Article XIX of the Franchise Agreement which Articles are incorporated herein and by reference made a part hereof. Guarantor agrees that all Litigation, arbitration and/or mediation will take place exclusively in Salt Lake City, Utah and Guarantor hereby submits to the personal jurisdiction in the federal and state courts of Utah.

Guarantor waives the benefit of any statute of limitations or other provision of law which in any way affects or limits Guarantor's liability under this Guaranty.

This Guaranty will be governed by the laws of the state whose laws govern the Franchise Agreement.

This Guaranty may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

DATED this _____ day of _____, 20___.

"GUARANTOR(S)"

By: _____
(Signature)
Name: _____, personally

By: _____
(Signature)
Name: _____, personally

On the _____ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above guaranty individually.

_____
NOTARY PUBLIC

On the _____ day of _____, 20___, personally appeared before me _____, who duly acknowledged to me that he or she executed the above guaranty individually.

_____
NOTARY PUBLIC

EXHIBIT "A-1"
TO THE FRANCHISE AGREEMENT

TERRITORY: _____
(Map may be attached)

APPROVED* PREMISES LOCATION:

The Franchise Premises will be located at: _____, in the city or town of _____, county of _____, state of _____.

(If you have not already located a site for your Premises, see Site Location Agreement located at Exhibit A-8.)

*Our approval of the territory or a site is not a guarantee or a warranty of the potential success of the territory or site.

_____
Franchisee Initial and Date

_____
Franchisor Initial and Date

EXHIBIT "A-2"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

□ Partnership □ Corporation
□ Sole Proprietorship □ Limited Liability Company

Name of Entity: _____
State Entity was formed: _____/Date of Formation: _____
EIN: _____ Principal Contact Person: _____

If You are a corporation, partnership, or limited liability company, please write below the name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company, as well as the name of the shareholder, partner, or member who will attend training (please print or type names and add extra lines if necessary):

Name	Address	Shares & Percentage of Interest*

*Corporation: Percentage owned of outstanding voting stock.
*Partnership: Percentage owned in voting and in capital and profits.
*Limited Liability Company: Percentage owned in membership interest.

List the names of the managers and officers of the Company:

Name	Title	Manager/Officer

The address where Your records are maintained is: _____
_____.

The name and address of the person who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with us and

make decisions relating to the operations of the franchise business:
Name: _____
Address: _____
Email: _____

You agree to provide us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws by _____, 20___.

IN WITNESS WHEREOF, Franchisee has executed this Company Representations and Warranties as of the _____ day of _____, 20___.

FRANCHISEE:

_____ (LLC/INC.)

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT

PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT

This PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT (the "Agreement") is entered into and made effective as of the ___ day of _____, 20___, by and between **HOKULIA FRANCHISING, INC.**, a Utah corporation (hereinafter referred to as "Franchisor" or the "Company") and the undersigned (referred to herein as "Principal").

WHEREAS, Franchisor has developed a system for the operation of a retail Shave Ice, store known as Hokulia, offering to the public Shave Ice, and other frozen desserts and food items and related services (hereinafter "Hokulia® Business"). The system Includes, the right to use: specific trade names, trademarks and service marks, or other proprietary marks; use of required equipment; recipes, mixes and formulas; a marketing plan, operations, training procedures, and marketing concepts; décor, color schemes, and general layout; and the sale of products and services under the name Hokulia® and other trademarked items; and the use of confidential information (herein at times the "System" and at times the "Hokulia® System"); and

WHEREAS, Principal or his or her company entered into an agreement with Franchisor (the "Franchise Agreement") so as to be able to obtain the rights to operate a Hokulia® Business using the System developed by Franchisor Including certain confidential and proprietary information of Franchisor (the "Franchise Business"); and

WHEREAS, Principal will have access to such proprietary information; and

WHEREAS, Principal recognizes the value of the System and the intangible property rights licensed under the Franchise Agreement and recognizes that the Franchisor's entering into the Franchise Agreement is conditioned upon Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement, and all references herein to "Article," "Sections" and "Paragraphs" refers to articles, paragraphs and sections of the Franchise Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principal or his or her company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principal acknowledges that he or she has obtained or may obtain knowledge of confidential matters, procedures, services, recipes, the System, and products developed, used and owned by Franchisor and made available to Principal, which are necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively and profitably operate. Principal further acknowledges that such confidential information was not known to him or her prior to the association with

Franchisor.

2. Non-Disclosure. Except as may be required under the Franchise Agreement, neither You nor Your family will, during the term of the Franchise Agreement and any Successor Franchise or Successor Franchise Agreement or any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the business or interest of Franchisor or the System which he or she knows, or reasonably should know, is regarded as confidential and valuable to Franchisor, Including, recipes, mixes, formulas, techniques, food preparation, store guide, financial information, teaching methods, standards, merchandising, sale of products and services, products, sourcing of products, marketing plans, pricing, accounting systems and procedures, specifications, manuals, business plans, suppliers, customer lists, technical designs or drawings that relate to the Franchise Business and the Hokulia® System. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement will constitute Confidential Information, and will be subject to all the terms and conditions of this Agreement (Including the covenants, protecting against disclosures) as if such information had been disclosed following the execution of this Agreement.

3. Non-Competition. Principal, Principal's family and Franchisor share in a common interest in avoiding situations where persons or companies who are or have been Hokulia® franchisees operate or otherwise become involved with a substantially similar competing business during the term of the Franchise Agreement. Therefore, the following covenants will be enforced during and after the term of the Franchise Agreement.

3.1 In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises hereof, except as permitted under the Franchise Agreement, Principal agrees that neither Principal nor Principal's family, nor any shareholders, owners, partners, directors, members, managers, officers, agents, affiliates, principal employees, nor any partner in a partnership franchise, will own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any shave ice, frozen dessert or similar business or other business offering products or services the same as or substantially similar to the Franchise Business or the System in any capacity or location, except with Franchisor's prior written consent. Principal understands and acknowledges that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Upon termination or expiration of the Franchise Agreement and any extensions or Successor Franchises thereof, for any reason, and for a continuous, uninterrupted period of two(2) years thereafter, neither Principal, nor Principal's family, nor any of Principals members, owners, partners, managers, officers, directors, agents, affiliates or principal employees, will, directly or indirectly, participate as an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, franchisee or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in any sale or offering of products or services the same or substantially similar to the Franchise Business or the System in any capacity or location within theTerritory or within ten (10) miles of the Territory or the territory of any System franchise or Hokulia® business operation at the time

of termination or expiration of the Franchise Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation shall not be considered a violation of the foregoing provision.

3.2.1 In the event Principal competes during the term of non-competition, this non-compete time period will be extended for the period of Principal's competition, plus an additional six (6) months.

4. Non-Solicitation of Employees. Principal will not, during the term of the Franchise Agreement and any extensions or Successor Franchise, and for two (2) years thereafter, directly or indirectly, employ or attempt to employ or solicit for employment any of Franchisor's employees or the employees of Franchisor's subsidiaries or affiliated corporations or entities.

5. Non-Solicitation of Customers. Principal will not, during the term of the Franchise Agreement and any extensions or Successor Franchise and for two (2) years thereafter, directly or indirectly, contact any customer of Franchisor for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between the Franchisee and the customer or Franchisor Franchisor's affiliate and the customer. All Customer Data belongs to Us.

6. Return of Materials. At the termination of the Franchise Agreement, Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Hokulia® operations manual or other Manuals and any and all recipes, mixes, books, customer lists, vendor lists, records, data, designs, photographs, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, and documents or property relating to the System.

7. Irreparable Harm. Principal hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor, will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach.

8. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

9. Binding Agreement. This Agreement will bind the successors and assigns of the Principal and his or her heirs, personal representative, successors and assigns. No rights under this Agreement are assignable by Principal and any purported assignment will be null and void and of no force or effect.

10. Survival of Covenants. All covenants made in this Agreement by Principal will survive the termination of this Agreement or the Franchise Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

12. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

PRINCIPAL ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first herein above written.

FRANCHISOR:	FRANCHISEE:
HOKULIA FRANCHISING, INC.	_____ **(LLC/INC.)**
By: _____ (Signature)	By: _____ (Signature)
Name: _____	Name: _____
Title: C.O.O. _____	Title: _____

EXHIBIT "A-4"
TO THE FRANCHISE AGREEMENT

EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT is entered into this ____ day of _____, 20__, between _____ ("Franchisee") and _____, ("Employee"), residing at _____.
[City] [State] [Zip Code]

A. Franchisee is the holder of a Hokulia® franchise and as such is the beneficiary of certain confidential and proprietary information of Hokulia Franchising, Inc. ("Franchisor"); and

B. Employee may in the course of his or her employment by Franchisee have access to such proprietary information.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of confidential matters and procedures developed, licensed to or owned by Hokulia and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its franchise. Employee further acknowledges that such confidential information was not known to him or her prior to his or her employment.

2. Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment and thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the business or interest of Franchisee or Franchisor, which he or she knows or reasonably should know is regarded as confidential and valuable to Franchisee or Franchisor, Including, recipes, mixes, syrups, techniques, food preparation, standards, products, merchandising, marketing, sale of products and services, specifications, pricing, accounting systems, procedures, sales, income, specifications, products, manuals, business plans, or customer lists, that relate to Franchisee's business, the Hokulia® System and franchise products, customers, suppliers and marketing plans.

3. Non-Competition. Employee will not, during the course of his or her employment by Franchisee, and for one (1) year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in a business, which is competitive with or substantially similar to Franchisee's business or the business of any other Hokulia® franchisee by becoming an owner, officer, director, shareholder, partner, associate, employee, agent, representative or consultant or serve in any other capacity in any business selling shave ice or a business offering other frozen

desserts, or other Hokulia® related products and services. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a three (3) mile radius of Franchisee's place of business or within a three (3) mile radius any of Franchisor's franchise or franchise or business operations, or that of its parent, subsidiary, or affiliate, at the time of Employee's termination of employment. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision. Principal agrees that the Franchise Business attracts customers from up to three (3) miles, and that such geographical restraint is not unreasonable.

4. Non-Solicitation of Employees. Employee will not, during the course of his or her employment and for one (1) year thereafter, directly or indirectly, employ or attempt to employ or solicit for any employment any of Franchisee's employees or the employees of Franchisor's subsidiaries or affiliated corporations or entities.

5. Non-Solicitation of Customers. Employee will not, during the course of his or her employment and for one (1) year thereafter, directly or indirectly, contact any customer of Franchisee for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between Franchisee and the customer.

6. Return of Materials. At the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) the Hokulia® Manuals and any and all records, data, designs, photographs, mixes, syrups, food preparation, recipes, notes, reports, proposals, Customer Data, correspondence, specifications, materials, equipment, other documents or property, or reproductions of any such items belonging to Franchisor or Franchisee, or either of their successors or assigns relating to the Hokulia® business and the System.

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Franchisor will be entitled to enforce this Agreement and seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond.

8. Reasonableness and Enforceability. Principal agrees that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principal and/or his company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Recipient consents to the jurisdiction of the courts of record in the State of Utah and agrees that proper jurisdiction and venue will be exclusively in the state and federal courts of Salt Lake County, State of Utah.

10. Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

11. Binding Agreement. This Agreement will bind the successors and assigns of Franchisee and the heirs, personal representative, successors and assigns of Employee. No rights under this Agreement will be assignable by Employee and any purported assignment will be null and void and of no force or effect.

12. Survival of Covenants. All covenants made in this Agreement by Employee will survive the termination or transfer of this Agreement or principal's disassociation with principal's company or the System in any way.

13. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed and dated by the parties.

14. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

15. Third Party Beneficiary. It is agreed and acknowledged that Hokulia Franchising, Inc. is a third party beneficiary to this Agreement.

[Signatures on Next Page]

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:	EMPLOYEE:
_____, **LLC/INC.**	
By: _____	_____
(Signature)	(Signature)
Name: _____	_____
	(Print Name)
Title: _____	

EXHIBIT "A-5"
TO THE FRANCHISE AGREEMENT

PRINCIPAL CONFIDENTIAL RECIPE AGREEMENT

This PRINCIPAL CONFIDENTIAL RECIPE AGREEMENT (the "Agreement") is entered into and made effective as of the _____ day of _____, 20___, by and between **HOKULIA FRANCHISING, INC.**, a Utah corporation (hereinafter referred to as "Franchisor") and the undersigned (referred to herein as "Recipient").

RECITALS:

WHEREAS, Recipient or his or her business entity has entered into a Franchise Agreement with Franchisor for the operation of a Hokulia® business ("Franchise"); and

WHEREAS, Franchisor has developed confidential and proprietary mixes, recipes, processes, spices, methods, and formulas for the operation of Recipient's Hokulia® Franchise and will continue to develop new recipes and revise current mixes, recipes and other menu items (collectively the "Recipes"); and

WHEREAS, Recipient will have access to the confidential and proprietary Recipes; and

WHEREAS, Recipient recognizes the value and confidentiality of the Recipes, and the importance of keeping the Recipes confidential.

NOW, THEREFORE, in consideration of the use of the Recipes in the Recipient's Franchise and the recitals, mutual promises and covenants herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgement. Recipient acknowledges that he or she has obtained or may obtain proprietary and confidential Recipes developed and owned or licensed by Franchisor or its parent or affiliate or other entity which are necessary and essential to the operation of the Franchise, and without which information the Franchise could not efficiently, effectively and profitably operate. Recipient further acknowledges that such confidential and proprietary information was not known to him or her prior to association with Franchisor or the Franchise.

2. Non-Disclosure. Except as may be required under the Franchise, Recipient will not, during the term of the Franchise Agreement and any extension or Successor Franchise or at any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any Recipe, Including, ingredients, procedures for making, temperatures, and measurements, and agrees not to copy, transmit, recreate or otherwise reproduce said Recipes at anytime. Each employee authorized to use the Recipes in the operation of the Franchise will be required to sign a Confidential Recipe Agreement prior to use of the Recipes. Furthermore, Recipient represents and warrants that it will only authorize employees over the age of eighteen (18) to use the recipes. A copy of all such signed agreements shall be promptly (within 10 days)

provided to Franchisor.

3. No Reverse Engineering. Recipient will not , either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person with access to the Recipes to do so. For purposes of this Confidential Recipe Agreement, reverse engineering will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

4. Duty to Notify. Recipient agrees to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Confidential Recipe Agreement and further agrees to require all its employees to report to it any reasonably suspected attempts to violate this Confidential Recipe Agreement. In the event it is discovered that Recipient knew or had reason to know of any suspected attempts to violate this Agreement, Recipient agrees to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

5. Limited Use. Recipient must limit their use of the recipes, Including their recollection of the recipes, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by the Franchisor.

6. Return of Materials. At the expiration or termination of the Franchise Agreement, Recipient agrees to have delivered to Franchisor (and will not keep in his or her possession or deliver to anyone else) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, any such Recipes Including any Recipe book(s) or Manuals.

7. Irreparable Harm. Recipient hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisor and the Hokulia® franchise system in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor shall be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Recipient of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages or requirement to post bond that have been or may be caused to the Hokulia® franchise system or Franchisor by such breach.

8. Modification. Recipient hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Recipient, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchise, Franchisor's system, or to any area of research and development, must be promptly disclosed to the Franchisee and will become the property of the Franchisor, and Recipient hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement shall be considered valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine shall include the feminine and neuter and the singular shall include the plural and conversely.

10. Binding Agreement. This Agreement shall bind the successors and assigns of the Recipient and his or her heirs, personal representative, successors and assigns. No rights under this Agreement shall be assignable by any Recipient and any purported assignment shall be null and void and of no force or effect.

11. Survival of Covenants. All covenants made in this Agreement by Recipient shall survive the expiration or termination of the Franchise Agreement or this Agreement.

12. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by each of the parties.

13. Notices. All notices permitted or required under this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally, (ii) by overnight courier upon written verification of receipt, (iii) by telecopy or facsimile transmission when confirmed by telecopier or facsimile transmission, or (iv) by certified or registered mail, return receipt requested.

14. Attorneys Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

15. Governing Law. The validity, enforcement, construction, rights and liabilities of the Parties and provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Utah without giving effect to its conflict of laws provisions. If for any reason court action is filed, Recipient consents to the jurisdiction of the courts of record in the State of Utah and agrees that proper jurisdiction and venue shall be exclusively in the state and federal courts of Salt Lake County, State of Utah.

16. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

RECIPIENT ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first herein above written.

FRANCHISOR:	RECIPIENT:
Hokulia Franchising, Inc.	
By: _____	_____
(Signature)	(Signature)
Name: _____	_____
(Print Name)	(Print Name)
Title: _____	

EXHIBIT "A-6"
TO THE FRANCHISE AGREEMENT

EMPLOYEE CONFIDENTIAL RECIPE AGREEMENT

This EMPLOYEE CONFIDENTIAL RECIPE AGREEMENT is entered into this ____ day of _____, 20__, between _____, LLC/Inc. ("Franchisee") and ("Employee"), residing at _____

_____

[City] [State] [Zip Code]

WHEREAS, Franchisee is the holder of a Hokulia® franchise ("Hokulia® Franchise") and as such is the beneficiary of certain confidential and proprietary information of Hokulia Franchising, Inc. ("Hokulia Inc."); and

WHEREAS, Hokulia Inc. has developed confidential and proprietary mixes, recipes, spices, processes, methods and formulas for the operation of a Hokulia® franchise businesses within Hokulia Inc.'s system, and Hokulia Inc. will continue to develop new recipes and revise current mixes, recipes, spices, processes, methods, formulas and other menu items (collectively the "Recipes"); and

WHEREAS, Employee is currently employed by Franchisee and desires to continue his or her employment with Franchisee, and Employee is over 18 years of age; and

WHEREAS, Employee may in the course of his or her employment by Franchisee have access to the Recipes; and

WHEREAS, Employee recognizes the value and confidentiality of the Recipes, and the importance of keeping the Recipes confidential.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Hokulia Inc. and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Hokulia® Franchise. Employee further acknowledges that such confidential and proprietary information was not known to him or her prior to his or her employment or association with Franchisee or the Franchise.

2. Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to

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use any Recipe including without limitation, the temperatures, ingredients, systems or measurements for Recipes, or any other information relating to the Recipes, and agrees not to copy, transmit, recreate or otherwise reproduce the Recipes at anytime.

3. No Reverse Engineering. Employee will not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Confidential Recipe Agreement, reverse engineering will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

4. Duty to Notify. Employee agrees to notify Hokulia Inc. or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any Recipes. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation. Employee agrees to cooperate with Hokulia Inc. in its attempts to enforce the terms of this Agreement and to otherwise protect the Recipes, and to cooperate with Franchisee and Hokulia Inc. to the extent Franchisee is obligated to cooperate with Hokulia Inc.'s attempts to enforce its rights in and to the Recipes.

5. Limited Use. Employee must limit his/her use of the Recipes to times, places, and circumstances as directed by Franchisee or its authorized representatives only. This limitation includes, but is not limited to, Employee's use, whether in part or in whole, of the Recipes (and including Employee's use of the Recipes for personal consumption) outside Employee's specific employment duties.

6. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, any such Recipes Including any Recipe book(s).

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Hokulia Inc. in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Hokulia Inc. will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Hokulia Inc. by such breach, and without the requirement of posting bond.

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8. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchise, Hokulia Inc.'s system, or to any area of research and development, must be promptly disclosed to the Franchisee and will become the property of the Hokulia Inc., and Employee hereby irrevocably assigns, transfers, and conveys any such to Hokulia Inc..

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

10. Survival of Covenants. All covenants made in this Agreement by Employee will survive the termination of Employee's employment with Franchisee or the expiration, transfer or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed and dated by the parties.

13. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

14. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

[Signatures on Next Page]

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IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:

_____(LLC/INC.)

By: _____
(Signature)

Name: _____
(Print Name)

Title: _____

Date: _____

EMPLOYEE:

_____
(Signature)

Name: _____
(Print Name)

Age: _____

Date: _____

For persons under 18 years of age, a parent or legal guardian must sign the above Confidential Recipe Agreement and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Confidential Recipe Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Confidential Recipe Agreement.

SIGNED AND WITNESSED this ___ day of _____, 20____.

Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____
_____

Phone: _____

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EXHIBIT "A-7"
TO
FRANCHISE AGREEMENT

LANDLORD'S CONSENT TO ASSIGNMENT

_____ ("Landlord") hereby consents to an assignment of the lease agreement ("Lease Agreement") to Hokulia Franchising, Inc. ("Franchisor") for the purpose of securing the obligations of _____ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said lease without first giving Franchisor thirty (30) days' written notice of such breach and an opportunity, but not the obligation, to cure said breach within such notice period.

Landlord agrees that if Lessee defaults under the Lease Agreement, or if Lessee defaults under its franchise agreement with Franchisor, Franchisor will have the right, but not the obligation, for forty-five (45) days after termination of the Lease Agreement, or franchise agreement to take possession of the premises and assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement. Notices to Franchisor will be sent to: 872 W. Heritage Park Boulevard #110, Layton, Utah 84041.

Dated this _____ day of _____, 20___.

Landlord:

_____,

LLC/Inc.

By: _____
(signature)

Title: _____

EXHIBIT "A-8"
TO THE FRANCHISE AGREEMENT

SITE LOCATION AGREEMENT
ADDENDUM TO HOKULIA FRANCHISING, INC.
FRANCHISE AGREEMENT

THIS SITE LOCATION AGREEMENT ("Agreement") is made and entered into on the ____ day of _____, 20___, by and between HOKULIA FRANCHISING, INC. (hereinafter referred to as "We", "Us" or "Our" and at times "Franchisor") and _____ (hereinafter referred to as "You" or "Your" and at times "Franchisee"). Capitalized terms used herein will have the meaning set forth in the Franchise Agreement, unless otherwise defined herein.

RECITALS:

WHEREAS, You have entered into a certain Franchise Agreement with Us of even date herewith ("Franchise Agreement"); and

WHEREAS, You have not found a location for Your Franchise Business.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties hereby agree as follows:

1. Section 4.1 of the Franchise Agreement is amended, in part, to provide, You will have thirty (30) days from the date hereof to identify the proposed location of Your Hokulia® Franchise to be located in one of the following area or areas: _____, and _____ and to give written notice thereof to Us for approval. We have four (4) weeks to approve the location.

2. Upon Our written approval, the location of Your Franchise Business will be entered as an amendment and attached as an addendum to Your Franchise Agreement and Your Territory will be identified as part of Your Franchise Agreement and by reference made a part thereof. Your Franchise Business must be opened within ____ (___) months after We have approved the location of Your Franchise Business.

3. You hereby ratify and affirm Your Franchise Agreement and except as modified herein, all other terms and conditions of the Franchise Agreement will remain in full force and effect as currently set forth therein.

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date first above written with the full authority of the Company Principal they represent.

FRANCHISOR:

HOKULIA FRANCHISING, INC.

By: _____
(Signature)

Name: _____

Title: C.O.O. _____

RECIPIENT:

_____ **(LLC/INC.)**

_____
(Signature)

Name: _____

Title: _____
(if applicable)

EXHIBIT "A-9"
TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____ **ALT:** Store ID Number: _____

I (We) hereby authorize Hokulia Franchising, Inc., hereinafter called ("Company"), to initiate debit entries to my (our) ☐ checking account/ ☐ savings account (select one) indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Routing Number: _____ Account Number: _____

This authorization is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner as to afford Company and Depository a reasonable opportunity to act on it.

Name(s): _____ **ATL:** Store ID Number: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT "A-10"
TO THE FRANCHISE AGREEMENT

STATE ADDENDA

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Item 5 of the FDD and Article V of the Franchise Agreement are amended to include the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to establish an escrow account to hold all initial franchise fees and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the franchise agreement."

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

If there is, if of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights signed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when signed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel. Provisions this or these as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable if that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Article V of the Franchise Agreement is amended to include the following:

• Hokulia Franchising, Inc. has a surety bond for $100,000 with The Cincinnati Insurance Company for the use and benefit of any person(s) having a claim under the conditions of the bond.

The undersigned does hereby acknowledge receipt of this addendum.
Dated this _____ day of _____ 20_____.

_____ _____

Hokulia Franchising, Inc. Prospective Franchisee

EXHIBIT "B"
TO THE FDD

CONFIDENTIAL INFORMATION APPLICATION

Applicant Code

HŌKŪLIA SHAVE ICE™

(Complete in full and do not use abbreviations, please print clearly or type.)
The filing of this confidential application does not obligate the applicant to become a franchisee of Hokulia Franchising, Inc..

PERSONAL INFORMATION

Applicant Name (Last, First, Middle): _____

Home Address: _____

Years There: _____ E-Mail Address _____ Social Security Number _____

City: _____ State: _____ Zip Code: _____ Phone: ( ) _____

Date of Birth: _____ Marital Status: _____ Spouse's Name: _____

Spouse's Occupation _____ Total No. of Dependents: _____

Names (ages) of Dependents: _____

_____

EDUCATION

Last Year of School Completed: _____ College or University _____ Degrees _____

Describe any training in sales, management, or retailing: _____

_____

CRIMINAL HISTORY

Have you ever been convicted of a misdemeanor? Yes _____ No _____

If yes, explain: _____

Have you ever been convicted of a felony? Yes _____ No _____

If yes, explain: _____

BUSINESS EXPERIENCE

1. Present/Most Recent Position: _____ Company: _____

Dates Employed: _____ Company Address (Street, City, State, Zip Code): _____

Phone: ( ) _____ May we contact you at your business phone? _____

Describe duties, no. of employees supervised, and responsibilities: _____

Annual income: _____ May we contact? _____ Reason Left: _____

Previous Business Experience (list in order). If additional space is needed, attach separate sheet.

2. Position: _____ Company: _____

Dates Employed: _____ Company Address (Street, City, State, Zip Code): _____

Phone: ( )_____ May we contact you at your business phone? _____

Describe duties, no. of employees supervised, and responsibilities: _____

Annual income: _____ May we contact? _____ Reason Left: _____

3. Position: _____ Company: _____

Dates Employed: _____ Company Address (Street, City, State, Zip Code): _____

Phone: ( )_____ May we contact you at your business phone? _____

Describe duties, no. of employees supervised, and responsibilities: _____

Annual income: _____ May we contact? _____ Reason Left: _____

OTHER PERTINENT BUSINESS INFORMATION

Have you ever owned a business? If yes, state details: _____

List other branded or franchise, retail goods or services: _____

MANAGEMENT GOALS

Do you plan to devote full time to this venture? _____ Are you willing to relocate? _____ Do you plan to have equity partners? _____

Geographic Area of Interest (please describe): _____

Please briefly describe why you want to become a _____ Franchisee? _____

_____

_____

List any hobbies, community activities, special interests or other pertinent information: _____

_____

_____

REFERENCES

List two (2) personal references you have known at least two years (not former employers or relatives).			
Name	Address (City, State, Zip Code)	Relationship	Phone #

List banks, finance companies, savings & loans, money market funds, and other financial institution references.					
Name of Bank or Institution	Mailing Address	City & State	Zip Code	Contact	Phone #

List all businesses in which you have financial interest.				
Name of Business	**Address (City, State, Zip Code)**	**Position**	**Year Started**	**Income**

Credit References				
Name of Company	**Address**	**City & State**	**Zip Code**	**Phone #**

Business References				
Name of Individual	**Address**	**City & State**	**Zip Code**	**Phone #**

Attach additional sheets if more space is needed for the above.

_____

(Applicants Name)

PERSONAL FINANCIAL STATEMENT AS OF / /

ASSETS

Cash on Hand and in Bank (Itemize in Schedule A)	
Mortgages or Notes Due to Me (Itemize in Schedule B)	
Other Notes/Accounts Due Me (Itemize in Schedule C)	
Stocks and Bonds (Itemize in Schedule D)	
Cash Value of Life Insurance (Itemize in Schedule E)	
Real Estate Owned (Itemize in Schedule F)	
Equipment/Office Furniture (Itemize in Schedule G)	
Household Furnishings and Other Personal Property	
Other Assets (Automobile(s)) and Business Ventures	
_____	
_____	
_____	
_____	
Total Assets (Add all of the above)	
Annual Personal Income	

LIABILITIES

Notes Payable to Bank(s) (Itemize in Schedule H)	
Loans Against Cash Value of Life Insurance	
Notes Payable to Others (Itemize in Schedule H)	
Other Accounts Payable: (Itemize on separate page if more than $5,000)	
(a) Credit Cards	
(b) Charge Accounts	
(c) Other Bills Payable	
Real Estate Mortgage Payable (Itemize in Schedule F)	
Taxes Due (Itemize in Schedule I)	
Other Liabilities (Itemize below)	
_____	
_____	
_____	
_____	
Total Liabilities (Add all of the above)	
Net Worth (Assets minus Liabilities)	
Total Liabilities and Net Worth	

Do you have any contingent liabilities, such as endorser, co-maker or guarantor? _____

Have you ever been involved as a debtor in proceedings under the U.S. Bankruptcy Code? Yes _____ No ____
If so, explain: _____

Schedule A Cash on Hand and in Bank (Attach copies of statements)

Name of Bank	City & State	Account #	Balance

Schedule B	**Mortgages or Notes Due to Me**		
Address of Property	**Maker of Mortgage or Note**	**City & State**	**Balance**

Schedule C	**Other Notes or Accounts Due to Me**		
Maker of Note	**Description of Note**	**City & State**	**Balance**

Schedule D Stocks and Bonds (Attach copies of statements)

Name of Company/Broker	Account Market Value	Amount Pledged and to Whom

Schedule E Cash Value of Life Insurance

Name of Insurance Company	City & State	Face Amount	Cash Value

Schedule F Real Estate Owned

Description of Property	Name on Title	Cost	Market Value	Balance Owed	Mortgage Holder

Schedule G Equipment or Office Furniture

Description of Property	Name on Owner	Cost	Market Value	Balance Owed	Mortgage Holder

Schedule H Notes Payable to Banks and Others

Name of Note Holder	City & State	Original Balance	Balance Owed	Terms

Schedule I **Taxes Due**			
Type of Tax	**Amount Owed**	**Date Due**	**Unpaid from Prior Year**

I submit the above information as my complete and true personal and financial condition as of the date shown below. In accordance with the Privacy Act (5 U.S.C. 552 a), Freedom of Information Act and The Fair Credit Reporting Act, I expressly authorize any past or present employer, any law enforcement agency, federal, state or local, or any person who has personal knowledge of my character, work experience or criminal records to release this information to Hokulia Franchising, Inc., and acknowledge that, as a condition of being considered for a *Hokulia®* franchise I must submit to a credit history check to be performed by a credit reporting agency of Hokulia Franchising, Inc. choice and authorizes and requests any consumer reporting agency to provide such information to Hokulia Franchising, Inc. I understand that the credit reporting agency will make the results of the credit history check available to Hokulia Franchising, Inc. and that Hokulia Franchising, Inc. may use those results as a factor in determining whether I will be granted a *Hokulia®* franchise. If requested by Hokulia Franchising, Inc., I agree to supply statements from my professional advisors (i.e., banker, broker, accountant or attorney) verifying the above assets, and I also agree to furnish copies of Federal Income Tax Returns as filed for the last five years. I understand that Hokulia Franchising, Inc. is relying upon all the above information as a material factor in considering my application to become a *Hokulia®* franchisee, and I therefore agree to promptly notify Hokulia Franchising, Inc. of any material change in any of the above information or any subsequent information provided to Hokulia Franchising, Inc. In addition, I release all persons from liability as a result of reporting true, accurate information. I also certify that neither I nor any of my funding sources, is or has ever been a terrorist or suspected terrorist, or a person or entity described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, as such persons and entities are further described at the Internet website www.ustrease.gov/offices/enforcement/ofac. I agree to comply with and/or to assist Hokulia Franchising, Inc. to the fullest extent possible in Hokulia Franchising, Inc.'s efforts to comply with the above law.

Authorized Signature (required): _____

Date: _____

Print Name: _____ **Title:** _____

Telephone: ( ) _____

After completion of this Application, please mail Application and attachments to:

_____

EXHIBIT "D"
TO THE FDD

SCHEDULE OF FRANCHISEES

CURRENT FRANCHISES:

Hokulia Franchises as of December 31, 2017				
Franchise	Franchise Owner	Address	Phone Number	Date first opened
ALASKA				
Fairbanks-Old Steese Hwy	Willie Cooks	1319 22nd Avenue Fairbanks, AK 99701	(907) 978-2656	2014
Fairbanks-Airport Way	Willie Cooks	1319 22nd Avenue Fairbanks, AK 99701	(907) 978-2656	2014
CALIFORNIA				
Danville	Mike Rosa	2449 6th Street Livermore, CA 94550	(925) 580-2231	2014
Danville	Mike Rosa	2449 6th Street Livermore, CA 94550	(925) 580-2231	2015
Carlsbad Outlets	Kyle & Dominique Naccarato	7040 Avenida Encinas #104 Carlsbad, CA 92011	(801) 674-9551	2015
Desert Hills	Kyle & Dominique Naccarato	7040 Avenida Encinas #104 Carlsbad, CA 92011	(801) 674-9551	2017
	Kyle & Dominique Naccarato	7040 Avenida Encinas #104 Carlsbad, CA 92011	(801) 674-9551	2017
Temecula 1	Edmund & Roland DeLeon	29553 Hubble Way Murrieta, CA 92563	(760) 638-9873	2015
Temecula 2	Edmund & Roland DeLeon	29553 Hubble Way Murrieta, CA 92563	(760) 638-9873	2016
	Edmund DeLeon	29553 Hubble Way Murrieta, CA 92563	(760) 638-9873	Franchise Agreement Signed But Not Open
Hollister, CA	Tilese Arrington	371 Regal Drive Hollister, CA 95023	(801) 989-0977	Franchise Agreement Signed But Not Open

COLORADO				
Grand Junction 1	Jennifer & Paul Daniels	684 31 Road Grand Junction, CO 81504	(970) 270-6159	2016
Grand Junction 2	Jennifer & Paul Daniels	684 31 Road Grand Junction, CO 81504	(970) 270-6159	2016
FLORIDA				
Brampton	Kordana, Katherine, Luis	3993 Whistlewood Lakeland, FL 33811	(863) 529-3323	2016
Orlando	Kordana, Katherine, Luis	3993 Whistlewood Lakeland, FL 33811	(863) 529-3323	Franchise Agreement Signed But Not Open
GEORGIA				
Atlanta - Moreland Ave	Richard & Linda Walker	6500 Terraglen Way Locust Grove, GA 30248	(404) 218-7706	2014
Atlanta-SkyView	Richard & Linda Walker	6500 Terraglen Way Locust Grove, GA 30248	(404) 218-7706	2014
	Richard & Linda Walker	6500 Terraglen Way Locust Grove, GA 30248	(404) 218-7706	Franchise Agreement Signed But Not Open
IDAHO				
Meridian	Jeff Chatman	24703 NW 4th Court Ridgefield, WA 98642	(503) 545-9388	2014
Boise-Downtown	Jeff Chatman	24703 NW 4th Court Ridgefield, WA 98642	(503) 545-9388	2014
Boise-Five Mile & Fairview	Jeff Chatman	24703 NW 4th Court Ridgefield, WA 98642	(503) 545-9388	2014
Garden City	Merrille Moore	2703 HWY 89 Fish Haven, ID 83287	(801) 430-7121	Franchise Agreement Signed But Not Open
	Merrille Moore	2703 HWY 89 Fish Haven, ID 83287	(801) 430-7121	Franchise Agreement Signed But Not Open
Idaho Falls	Bill & Jesse Fritsch	1421 Brooktrout Drive Box 1092 Victor, ID 83455	(208) 709-6792	2015

Pocatello	Bill & Jesse Fritsch	1421 Brooktrout Drive Box 1092 Victor, ID 83455	(208) 709-6792	2015
KANSAS				
Kansas City 1	Greg & Kerry Lausier	21311 W. 96th Terrace Lenexa, KA 66220	(913) 548-2792	2015
Kansas City 2	Greg & Kerry Lausier	21311 W. 96th Terrace Lenexa, KA 66220	(913) 548-2792	Franchise Agreement Signed But Not Open
MONTANA				
Missoula 1	Kevin Broeder	4990 West Haven Rd. West Haven, UT 84401-6839	(801) 710-1601	2016
Missoula 2	Kevin Broeder	4990 West Haven Rd. West Haven, UT 84401-6839	(801) 710-1601	2016
Kalispell	Alex Weinstein	111 Parkridge Drive Kalispell, MT 59901	(406) 531-9899	2015
NEBRASKA				
NEVADA				
Las Vegas	Greg & Trevor King	145 W. 3960 N. Provo, UT 84604	(801) 372-4911	2015
Las Vegas	Greg & Trevor King	145 W. 3960 N. Provo, UT 84604	(801) 372-4911	2016
Las Vegas	Jonathan & Tiare Harline	9109 Fusion Drive Las Vegas, NV 89129	(801) 471-8512	2016
OREGON				
Woodburn	Shawn Doman	2916 Willow Way Lehi, UT 84043	(801) 946-9822	2015
	Shawn Doman	2916 Willow Way Lehi, UT 84043	(801) 946-9822	Franchise Agreement signed but not open
TEXAS				
McKinney	Joel Clark & Sam Sorensen	5128 Grove Cove Dr. McKinney, TX 75071	(480) 652-2208 (469) 662-1074	2015
Texas Prosper	Joel Clark & Sam Sorensen	5128 Grove Cove Dr. McKinney, TX 75071	(480) 652-2208 (469) 662-1074	2015

Houston/Hok Spring – Adeline	Randy & Clarissa Hall	17523 Pebble Farms Court Humble, TX 77346	(281) 852-5580 (281) 852-8089 (832) 527-2820	2015
Houston/Spring-Rayford	Randy & Clarissa Hall	17523 Pebble Farms Court Humble, TX 77346	(281) 852-5580 (281) 852-8089 (832) 527-2820	2015
New Braunfels 1	Ken & Jen Monson	853 San Fernando Ln New Braunfels, TX 78132	(830) 302-0272	2015
New Braunfels 2	Ken & Jen Monson	853 San Fernando Ln New Braunfels, TX 78132	(830) 302-0272	2015
El Paso	Jasper & Amy Yai	2170 Trawood Drive, Apt. # 907 El Paso, TX 79935	(530) 913-7112	Franchise Agreement Signed But Not Open
UTAH				
Bountiful	David & Sylvia Webster	1418 S. 1000 W. Woods Cross, UT 84087	(801) 719-1856 (Sam)	2013
Layton	David & Sylvia Webster	1418 S. 1000 W. Woods Cross, UT 84087	(801) 719-1856 (Sam)	2014
Kaysville	David & Sylvia Webster	1418 S. 1000 W. Woods Cross, UT 84087	(801) 719-1856 (Sam)	2015
Cottonwood Heights	Mark & Cindy Alm	10339 Calla Lily Way Sandy, UT 84092	(801) 231-6622 (801) 842-1118	2013
Sandy	Mark & Cindy Alm	10339 Calla Lily Way Sandy, UT 84092	(801) 231-6622 (801) 842-1118	Franchise Agreement Signed But Not Open
Highland	Clint Severson	5949 W. Horizon Dr. Highland, UT 84003	(801) 602-6683	2014
Provo	Clint Severson	5949 W. Horizon Dr. Highland, UT 84003	(801) 602-6683	2012
Hurricane	Ray & Clint Draper	3709 Mulberry Drive St. George, UT 84790	(435) 669-5967 (435) 703-1457	2014
Cedar City	Ray & Clint Draper	3709 Mulberry Drive St. George, UT 84790	(435) 669-5967 (435) 703-1457	2014
St. George	Ray & Clint Draper	3709 Mulberry Drive St. George, UT 84790	(435) 669-5967 (435) 703-1457	2013
Orem	Greg King	525 S. 880 W. Orem, UT 84058		2013
Taylorsville	Stephanie & David White	13982 S. Barneys Peak Circle Herriman, UT 84096	(801) 800-0293	2013

West Valley	Stephanie & David White	13982 S. Barneys Peak Circle Herriman, UT 84096	(801) 800-0293	2016
North Ogden/ Mountain Green	David Scott	5586 S. 575 W. Riverdale, UT 84405	(801) 726-1231	2014
Riverdale	David Scott	5586 S. 575 W. Riverdale, UT 84405	(801) 726-1231	2015
Draper	Terry Anderson	2304 E. 1700 S. Salt Lake City, UT 84108	(801) 915-6786	2013
Millcreek	Terry Anderson	2304 E. 1700 S. Salt Lake City, UT 84108	(801) 915-6786	2015
Syracuse	Brett Echols & Devin Kuerth	2369 S. 950 W. Syracuse, UT 84075	(801) 678-0117	2014
Riverton	Dante & Brian DeLeeuw	13847 S. Ken Cove Herriman, UT 84096	(801) 330-8381	2013
SLC-Midtown, previously Gateway	David Webster	1418 S. 1000 W. Woods Cross, UT 84087	(801) 719-1856 (Sam)	2013
SLC-Sugarhouse	David Webster	1418 S. 1000 W. Woods Cross, UT 84087	(801) 719-1856 (Sam)	2014
American Fork	Paul & Donna Janson	2522 S. Colt Dr. Saratoga Springs, UT 84045	(623) 696-9837	2013
American Fork 2	Paul & Donna Janson	2522 S. Colt Dr. Saratoga Springs, UT 84045	(623) 696-9837	Franchise Agreement Signed But Not Open
Tooele	Tammy Gollaher	2204 Glacier View Dr. Sandy, UT 84092	(801) 916-5233	2015
Heber	Tammy Gollaher	2204 Glacier View Dr. Sandy, UT 84092	(801) 916-5233	2015
SLC	Tammy Gollaher	2204 Glacier View Dr. Sandy, UT 84092	(801) 916-5233	2016
Logan	Mike Simone			2017
WYOMING				

COMPANY OR AFFILIATE OWNED FRANCHISES:

None

FRANCHISEES* WHO HAVE HAD AN OUTLET TRANSFERRED, TERMINATED, CANCELLED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS UNDER A FRANCHISE AGREEMENT DURING THE MOST RECENTLY COMPLETED FISCAL YEAR OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT ISSUANCE DATE:

TRANSFERS FOR 2017				
Franchisee (Seller)	Seller's Address	Seller's Phone Number	Franchise Buyer	Date of Transfer
Amber & John Pommerville	16 Harvester Lane Belgrade, MT 59714	(406) 577-6487	Will Gainer	2017
NO LONGER IN THE SYSTEM 2017				
Franchisee	Address	Phone Number	Reason	Date
Chris Nelson	3330 Deer Haven Dr. Gering, NE 69341	(308) 641-2526	Ceased operating	2017
Wardell, Ann & Jeff	446 East Yount St. Morgan, UT 84050	(801) 725-8849	Ceased operating	2017
Jose Dutra Josa Enterprises	1188 Sports Plex Dr. Layton, UT 84041	(559) 283-7799	Ceased operating	2017

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

EXHIBIT "E"
TO THE FDD

LIST OF AGENTS FOR SERVICE OF PROCESS

California: Commissioner of Business Oversight
Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 98514
(916) 445-7205
Toll free at 1-866-275-2677

Georgia: Secretary of State of Georgia
Corporations Division
2 Martin Luther King, Jr. Dr., SE
Suite 315, West Tower
Atlanta, Georgia 30334

Hawaii: Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois: Chief, Franchise Division
Office of Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana: Indiana Secretary of State
201 State House
Indianapolis, IN 46204

Maryland: Maryland Securities Commissioner
Division of Securities
Office of Attorney General
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan: Antitrust and Franchise business
Michigan Department of the
Attorney General's Office
Franchise Administrator
Consumer Protection Division
6546 Mercantile Way
Lansing, MI 48910
(517) 373-7117

Minnesota: Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

New York: New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

North Dakota: North Dakota Securities Department
600 East Boulevard Avenue
State Capital Fifth Floor Dept 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon: Director of Insurance & Finance
Business Service Division of Finance
and Corporate Securities Labor
and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island: Chief Securities Examiner
of Business Regulation
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota: Department of Labor & Regulation
Division of Securities
124 S. Eulcid, Suite 104
Pierre, SD 57501
(605) 773-4823

Virginia:	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington:	Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin:	Wisconsin Commissioner of Securities Franchise Investment Division Fourth Floor 101 East Wilson Street Madison, WI 53702

EXHIBIT "F"
TO THE FDD

LIST OF STATE AGENCIES RESPONSIBLE FOR FRANCHISE DISCLOSURE/REGISTRATION LAWS

California

Department of Business Oversight

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205
Toll free at 1-866-275-2677

San Diego

1350 Front Street, Room 2034
San Diego, California 92101-3697
(619) 525-4233
Toll free at 1-866-275-2677

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559
Toll free at 1-866-275-2677

Los Angeles

320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
Toll free at 1-866-275-2677

Connecticut

Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8233

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314-6700
(805) 488-2221
Fax: (805) 410-3804

Georgia

Secretary of State of Georgia
Corporations Division
2 Martin Luther King, Jr. Dr., SE
Suite 315, West Tower
Atlanta, Georgia 30334

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2744

Illinois

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4436

Indiana

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Iowa

Iowa Securities Bureau
340 Maple
Des Moines, Iowa 50319-0066
(515) 287-4441

Maryland

Office of the Attorney General,
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
Williams Building, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Market Assurance Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

Nebraska

Department of Banking and Finance
Bureau of Securities/Financial Institutions
Division
1526 K Street, Suite 300
Lincoln, NE 68508-2732
(402) 471-3445

New York

Office of the New York State Attorney
General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
Phone: (212) 416-8236
Fax: (212) 416-6042

North Dakota

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor, Dpt 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon

Department of Consumer and Business
Services
Division of Finance and Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140
Fax: (503) 947-7862

Rhode Island

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex-69-1
Cranston, Rhode Island 02920-4407
(401) 462-9527

South Dakota

Department of Labor & Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501-3185
(605) 773-4823
FAX: (605) 773-5953

Texas

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
Street Address:
1719 Brazos
Austin, Texas 78701
(512) 475-1769

Utah

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
(801) 530-6601
Fax: (801) 530-6001

Virginia

State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-2801

Federal Trade Commission

Division of Marketing Practices
Bureau of Consumer Protection
Pennsylvania Avenue at 6th Street, NW
Washington, D.C. 20580
(202) 326-3128

EXHIBIT "G"
TO THE FDD

TABLE OF CONTENTS FOR OPERATIONS MANUAL

Table of Contents

Table of Contents.....1

Company Organization and Objectives.....3

Franchising Success.....5

Start-Up Procedures.....9

Store Design and Specifications.....11

Approved Products/Vendors.....13

Cleaning and Maintenance.....25

Store Operations.....33

Policies and Procedures.....53

Financial Management.....57

Marketing.....63

Salesmanship.....81

Theft Prevention and Safety.....83

Personnel Management.....91

Employee Handbook.....Insert

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EXHIBIT "H"
TO THE FDD

AREA DEVELOPER AGREEMENT

HOKULIA FRANCHISING, INC.
AREA DEVELOPER AGREEMENT

THIS AREA DEVELOPER AGREEMENT (the "Agreement") is made and entered into effective the ____ day of _____, 20___ by and between **HOKULIA FRANCHISING, INC.**, a Utah corporation ("We" or "Us" and at times "Franchisor"), and _____, a limited liability company/corporation ("You" or "Your" and at times "Area Developer"):

RECITALS:

WHEREAS, We have developed a system for the operation of a mobile kiosk, known as Hokulia Shave Ice™, offering to the public Shave Ice, and other frozen desserts and related food items and services (hereinafter "Hokulia® Business" or "Franchise Business"). The system includes, among other things, specific Marks, mobile kiosk design and layout, color schemes, standards, manuals, ice cream cores, syrups, recipes, operating procedures and marketing concepts, business format, and specifications for certain equipment, the sale of products, food and supply items and confidential information (herein at times the "System" and at times the "Hokulia® System"); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Hokulia® Businesses using the System developed by Us; and

WHEREAS, recognizing the value of the System and the benefits which may be obtained by use of the System, You desire to acquire the right to develop and operate multiple Hokulia® Units in the Territory described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You understand and acknowledge the importance of Our high standards of quality and the necessity of operating Your Franchise Units in strict conformity with Our quality control standards and specifications; and

WHEREAS, You declare You have had a copy of the Hokulia® Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us; and

WHEREAS, You declare that You have fully investigated and have familiarized Yourself with the essential aspects and purposes of the System as developed by Us; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meaning assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 Unless otherwise clearly required by the context, when used in this Agreement the following terms will have the following described meanings:

1.1.1 "Affiliates" Companies affiliated with Us including Farr's Fresh, Inc., Farr's Fresh Franchising, and Asael Farr & Sons Company.

1.1.2 "Franchise Agreement" Our Agreement which licenses the right for a person or entity to use Our Marks and System for the operation of a Hokulia® Shave Ice ™ mobile kiosk at a single location.

1.1.3 "Franchise" A business that has signed our Franchise Agreement to operate a Franchise Unit in the Territory.

1.1.4 "Franchise Unit" "Unit" or "Franchise Business" A Hokulia® Shave Ice™ mobile kiosk Franchise business using the System for which a Hokulia® Franchise Agreement has been duly executed.

1.1.5 "Including" Throughout this Agreement, the term "Including" or "Includes" will mean, "including but not limited to", "Including," and similar all-inclusive and non-exhaustive meanings.

1.1.6 "Marks" Refers to any and all of Our trademarks, service marks, trade names, logos, slogans, trade dress, color schemes, designs, equipment designs and related commercial symbols whether or not registered by Us and all goodwill related thereto associated with the products or any other business, products and services of the Franchisor or its affiliates.

1.1.7 "Manuals" Refers to one or more operational or policies and procedures manuals, technical bulletins or other written materials and may be modified by Us periodically. The Manuals may be in printed or in an electronic format at Our discretion. We reserve the right to require You to use an electronic version of the Manuals and to require You to access the document using the Internet or an intranet created and supported by Us.

1.1.8 "Owners" Owners refers to You and the owners of any entity owning the Franchise Unit, if any.

1.1.9 "Territory" The non-exclusive geographical area set forth in Exhibit "A" attached hereto and by reference made a part hereof.

Article 2 - Territory Rights

2.1 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to develop and operate Hokulia® Shave Ice™ Franchise Businesses in the Territory in accordance with the Development Schedule set forth on Exhibit "B" ("Development Schedule") attached hereto and by reference made a part hereof, utilizing the System and the Marks in the Territory upon execution of a separate Franchise Agreement for each Franchise Business You develop. The Franchise Units will be developed together as a package in accordance with the Development Schedule described in Section 3 below with You as the principal owner. No Franchise Unit may be transferred separately until it is developed, open for business and an individual Franchise Agreement has been signed for that Franchise Unit. You will identify a location for each Franchise Unit and, after the location is approved by Us, a territory will be set forth in the Franchise Agreement for that Franchise Business. The multi-unit Territory for this Agreement is non-exclusive. We may establish or sell franchises within the multi-unit Territory while this Agreement is in effect without payment of compensation to You. We have the right to reasonably require You to amend the Development Schedule to add additional Franchise Businesses to be developed.

2.2 Character of Rights. The rights set forth herein are territorial only and do not grant or imply any license or franchise for You to use the Marks or System in any manner. This Agreement will not create or grant rights or obligations outside the Territory. Nothing contained herein will prevent Us from granting the right to establish or operate, or Ourselves establishing, owning and operating Hokulia Shave Ice™ Franchise Businesses or similar operations outside of Your Territory. Furthermore, We and Our affiliates expressly reserve the right to sell market and distribute the Hokulia® products in the Territory and elsewhere without compensation to You using other marketing strategies and distribution channels including, but not limited to sales to and through the Internet, direct sales, retail units and wholesale outlets, and to sell non-traditional franchise locations at Our discretion both within and without Your Territory such as convention centers, sporting arenas, airports, or other similar locations. The non-traditional locations We sell will not be counted toward Your development obligations set forth in the Development Schedule. We also reserve the right to use other and different proprietary marks in connection with the sale of franchises, products or services similar to, the same as or dissimilar from those which You will use in Your Franchise Businesses at any location, including in the Territory, without compensation to You. Neither We nor other Area Developers are restricted from advertising their Franchise Business in Your Territory. The rights and privileges granted to You under this Agreement are personal in nature.

2.3 System Modifications. We may, at any time, in Our reasonable discretion, change or modify the System or add to or delete from the System. In such event, We will notify You of any such changes, modifications, additions or deletions, and You will accept, be bound by, use and immediately take steps to implement any such changes in the Territory. We have complete ownership and control of any changes, modifications, enhancements or suggestions whether made or implemented by Us or You.

Article 3 - Development & Term

3.1 Minimum Development Schedule.

3.1.1 You agree to use Your best efforts to develop and continuously operate Your Franchise Units in the Territory in strict compliance with the System and Manuals during the term hereof. Without limiting the foregoing obligation, in order to retain the rights granted hereunder, You agree to open, as Your minimum development obligation hereunder during the term hereof, the number of Hokulia® Franchise Units set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open and functioning Franchise Business located within the Territory.

3.1.2 Once the minimum development obligation is reached as set forth in the Development Schedule, You agree to continue to develop and continuously operate Franchise Businesses in the Territory as commercially reasonable during the term of this Agreement. You will be required to purchase any additional franchises at the then current rate for franchisees to purchase additional franchises during the term of their franchise agreement. Currently, the rate is Nine Thousand Dollars ($9,000) per franchise.

3.2 Franchised Locations. The location of each Franchise Unit will be selected by You, but must be approved in writing by Us, as further set forth in Your Franchise Agreements which approval will not be unreasonably withheld or delayed. A separate Franchise Agreement must be executed for each Franchise Unit in Your Territory as developed as further provided in Article 5 hereof.

3.3 Failure to Meet the Development Schedule. In the event You fail to meet the Development Schedule or any of Your other development obligations, We have the right to exercise, in addition to the remedies and cure periods set forth in Articles 9 and 10 below, in Our sole discretion, any or all of the following:

1. Terminate this Agreement upon written notice to You as provided in Article 9 hereof;

2. Terminate the territorial exclusivity granted to You;

3. Reduce the size of the Territory; and/or

4. Accelerate the Development Schedule immediately upon written notice.

3.3.1 Time is of the essence with respect to compliance with the Development Schedule, obtaining the right to occupy the premises of each Franchise Unit, and any and all other obligations of Yours under this Agreement. If terminated, You may still continue to own and operate Your individual Franchise Unit(s) in the Territory owned and operated by You prior to termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s). However, You will cease to have any exclusivity rights with regard to the ongoing development of Franchises in the Territory and You will forfeit any contractual right You may have to purchase additional Franchise Units within the Territory.

3.4 Term. The term of this Agreement is the Development Period set forth on Exhibit "B."

Article 4 - Fees

4.1 Area Developer Fee. You agree to pay a one-time, non-refundable Area Developer fee of _____dollars ($_____) ("Development Fee") for the development of ____ Franchise Units pursuant to this Agreement. This Development Fee includes the franchise fee for each Franchise Unit contemplated in the Development Schedule, but does not include the franchise fees due to Us if You decide to purchase additional franchises during the term of this Agreement or thereafter.

4.2 Non-Refundable. The Development Fee is not refundable.

Article 5 - Franchise Agreement(s)

5.1 Franchise Agreement. Each Franchise Unit as opened by You in the Territory, pursuant to this Agreement, will be governed by Our then-current standard form Franchise Agreement executed by You and Us. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us at the beginning of the development and prior to commencing construction or improvements, acquisition or lease of any related real property, or any other development activity or operations for each Franchise Unit.

5.2 Modification of the Franchise Agreement. We reserve the right, from time to time, to amend, change or modify Our Franchise Agreement prior to the time it is signed by You.

5.3 Guaranty. You agree that if You are an entity, all of the Owners owning a five percent (5%) or greater interest in the Franchise Business must personally guarantee the performance under each Franchise Agreement, and agree to be bound by, and liable for, the breach of every provision of the Franchise Agreement.

5.4 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

Article 6 - Operating Standards and Covenants

You agree that:

6.1 Knowledge. You will acquire and maintain sufficient knowledge and experience involving the Hokulia® System so as to be able in good faith, to develop the Franchise Units in a timely, efficient and professional manner.

6.2 Compliance. You will, at Your expense, comply with all applicable laws, ordinances, rules and regulations pertaining to the development and operation of Your Franchise

Businesses as contemplated herein Including a licenses and/or permit for the operation of Your Franchise Business and requisite food handlers permits.

6.3 Cost of Doing Business. You will be responsible for all Your costs of doing business, Including taxes, permits, licenses, fees, postage, telephone, training, photocopying, employees, supplies, inventory, salaries, travel, on-going service obligations and other costs and expenses in connection with Your obligations herein.

6.4 Franchise Obligations. You agree to pay promptly all of Your obligations and liabilities to Us and Your suppliers, vendors, lessor and trade accounts. You will be responsible and liable for the prompt payment of all of Your taxes, including, but not limited to, income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes and similar taxes and personal property and real estate taxes payable as a result of Your Franchise Business. We will have no liability for these or any other taxes and You will indemnify and hold Us harmless from any such taxes that may be assessed or levied against Us which arise or result from Your Franchise Business.

6.5 Periodic Reports. You agree to provide to Us, no later than the tenth (10^{th}) day of each month, a written monthly progress report of Your preceding month's activities and progress in developing and establishing Franchise Units in Your Territory.

6.6 Your Performance. You must comply with all other duties, obligations and requirements set forth in this Agreement, Your Franchise Agreement(s), and the Manuals.

6.7 Indemnification. You agree to protect, indemnify and hold Us harmless from and against any and all claims, proceedings, expenses, costs, damages and liabilities, including, but not limited to, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect or omission of Yours or Your employees, customers, agents or guests Including malfeasance, misstatements made to customers, franchisees or others, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement.

Article 7 - Confidential Information

7.1 Confidential Information. Nothing in this Agreement will be construed to require Us to divulge to You any confidential information. Except for knowledge already in Your possession not disclosed to You by Us or currently in the public domain, You acknowledge that Your entire knowledge of the operation of the System and the contemplated Franchise Business, Including the contents of the Manuals, including recipes and recipe books, and the specifications, standards and operating procedures for the Franchise Units, development schedules and marketing plans are derived from information disclosed to You by Us and that such Manuals and such other confidential information is confidential or a trade secret of Ours. You agree that You will maintain the absolute confidentiality of the Manuals and all such other confidential information during and after the term hereof, disclosing the same to employees of Your Franchise Business only to the extent necessary for the operation of the Franchise Businesses in accordance with this Agreement, and that You will not use the System, Manuals and such other confidential or trade secret information in any other business or in any manner not specifically authorized or approved in

writing by Us.

7.2 Confidentiality of this Agreement. You agree that all terms of this Agreement will remain confidential and You will not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the terms of this Agreement only to Your professional lenders and advisors.

Article 8 - Marks

8.1 Ownership of Marks. You acknowledge that You have no proprietary interest whatsoever in the Marks or derivatives thereof and that Your right to use the Marks is derived solely from Your Franchise Agreement(s) and is limited to the conduct of Your Franchise Business pursuant to and in compliance with this Agreement and Your Franchise Agreement(s) and all applicable specifications, standards and operating procedures prescribed by Us. Any unauthorized use of the Marks by You constitutes an infringement of Our rights in and to the Marks.

8.2 Use of Marks. You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent, nor may You use any Mark in connection with the sale of any unauthorized products or service or in any other manner not expressly authorized under this Agreement. You agree to obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

Article 9 - Our Right of Termination

9.1 Termination. In addition to the other rights of termination We may have at law or equity or as contained in this Agreement, We will have the following rights of termination:

9.1.1 45 Day Cure Period. If You fail to meet Your development obligations, at any time, as set forth in Article 3 hereof above, Your rights hereunder will automatically terminate effective forty-five (45) days after delivery of notice of default, if not otherwise cured within the forty-five (45) days notice period.

9.1.2 No Cure Period. You agree that upon a violation or default under paragraphs (1) through (7) below, this Agreement will automatically terminate without written notice to You.

1) You or any of Your Owners makes an unauthorized assignment of this Agreement or any ownership change without Our consent, which consent will not be unreasonably withheld or delayed;

2) You or any of Your Owners take action, commit, are convicted of, plead guilty to, or plead no contest to a charge of violating any felony law or other crime, action or offense that We believe is reasonably likely to have an adverse effect on Your Franchise Units or the System;

3) You consistently (2 or more times) fail to timely pay any of Your payment obligations or liabilities owing to Us;

4) You are insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors;

6) You voluntarily or otherwise abandon the development of the Franchise Units in the Territory hereunder;

7) You repeatedly fail to materially comply with this Agreement, whether or not such failures to comply are corrected after notice thereof.

9.1.3 30 – Day Cure Period. For all other defaults Including Your failure to cure any default under any Franchise Agreement owned by You or Your officers, directors, members, managers, owners or an affiliated entity, We will have the right to terminate this Agreement effective upon thirty (30) days after delivery of notice of termination to You if such default is not cured within the thirty (30) day cure period.

Article 10 - Obligations Upon Termination or Expiration

10.1 Our Rights Upon Termination. Upon expiration or termination of this Agreement, for any reason, Your rights under this Agreement are terminated. We will be free to own or operate Hokulia® Franchise Businesses and to franchise others to do so anywhere in the Territory other than in locations for which You have an existing signed and fully compliant Franchise Agreement. The foregoing are in addition to any other right or remedy We may have at law or in equity.

10.2 Operating Units. After termination or expiration of this Agreement, so long as You are not in default under the terms and conditions of Your respective Franchise Agreement(s), You may continue as Our Franchisee pursuant to the terms and conditions of Your respective fully compliant Franchise Agreement(s), You may still continue to own and operate Your individual Franchise Units in the Territory that are owned and operated by You prior to termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s). However, You will cease to have any exclusivity rights with regard to the ongoing development of Franchises in the Territory, and You will forfeit any contractual right You may have to purchase additional Franchise Units within the Territory.

10.3 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for any reason, We will have the right to terminate this Agreement upon written notice to You.

Article 11 - Unfair Competition and Non-Competition Covenant

11.1 In-Term Covenant. During the term of this Agreement and any extensions hereof, You agree that neither You nor Your family, nor any shareholders, owners, partners, directors,

members, managers, officers, agents, affiliates, principal employees, nor any partner in a partnership franchise, will own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any business offering products or services the same as or substantially similar to Your Franchise Businesses or the System in any capacity or location, except with Our prior written consent. You understand and acknowledge that to violate this Section will create irreparable harm.

11.2 Post-Term Covenant. Upon termination or expiration of this Agreement, and for a continuous, uninterrupted period of two (2) years thereafter, neither You, nor Your family, nor any of principals members, owners, partners, managers, officers, directors, agents, affiliates or principal employees, will, directly or indirectly, participate as an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, Area Developer or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in a business using a business format which is the same as or similar to Franchisor's System within Your Territory or within _twenty-five (25) miles of Your Territory or within ten (10) miles of the territory of any System franchise or Hokulia® business operation at the time of termination or expiration of this Agreement. The ownership of not more than five percent (5%) of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

11.3 In the event You compete during the term of non-competition, this non-compete time period will be extended for the period of Your competition plus an additional six (6) months.

11.4 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article 11 be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article shall be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable, and such deletion to apply only with respect to the operation of that Section or Paragraph and the particular jurisdiction in which said adjudication is made. Further, to the extent any provision of this Agreement is deemed to be unenforceable by virtue of its scope, but may be made enforceable by limitation, the parties agree that the same will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

11.5 Claims Not a Defense. You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants of this Article11. You agree to pay all costs and expenses, Including reasonable attorney's fees, incurred by Us in connection with the enforcement of this Article 11.

11.6 Irreparable Injury. You acknowledge that Your violation of the terms of this Article 11 would result in irreparable injury to Us for which no adequate remedy at law may be available. You accordingly agree that We will be entitled to temporary, preliminary, and/or permanent

injunctive relief for any breach or threatened breach by any or all any of the terms of this Article 11 without proof of actual damages that have been or may be caused to Us by such breach.

11.7 Additional Covenants. At Our request, You must require and obtain execution of covenants similar to those set forth in this Article 11 from any or all of the following persons: (a) all owners, partners, directors and managers and the like of Your Franchise Businesses; (b) all officers, directors, members, managers and holders of a beneficial interest of five percent (5%) or more of any corporation directly or indirectly controlling You if You are an entity; and (c) the general partners and any limited partners if You are a partnership. All covenants required herein must be in forms satisfactory to Us, Including specific identification of Us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required herein will constitute a default of this Agreement.

Article 12 - Assignment

12.1 By Franchisor. This Agreement is fully assignable and transferrable by Us and will inure to the benefit of any assignee, transferee, or other legal successor to Our interests and obligations herein.

12.2 By Area Developer and Your Owners. You understand and acknowledge that the rights and duties created by this Agreement are personal to You and that We have granted this Agreement in reliance upon Your agreement to comply with all the terms and conditions of this Agreement, and Your individual character, skill, aptitude, attitude, business ability and financial capacity. Therefore:

12.2.1 Neither this Agreement nor any interest therein may be voluntarily, involuntarily, directly or indirectly, assigned, sold or otherwise transferred, by You or Your Owners, Including by consolidation or merger, or by issuance of securities representing an ownership interest, without Our prior written approval, which approval will not be unreasonably withheld.

12.2.2 A Mobile kiosk may not be transferred until it is developed, open for business and a separate Franchise Agreement has been signed for that Mobile kiosk. Our refusal to approve the transfer of a Mobile kiosk before it is developed, open and a separate Franchise Agreement has been signed will not be considered unreasonable.

12.2.3 Any such assignment or transfer without such approval will constitute a breach hereof and will not convey any rights to or interests in this Agreement to such assignee.

12.2.4 Consent to an assignment otherwise permissible under this Article 12 may be refused by Us, unless, prior to the effective date of the assignment: (a) all of Your obligations incurred in connection with this Agreement have been assumed by the assignee; (b) You have paid fees and other amounts owing Us; (c) the assignee or its owners meet Our criteria for new area developers ; (d) the assignee or its owners have completed the training program required of new Area Developer and are willing to execute and be bound by the then current Area Developer Agreement; (e) You or Your assignee have paid a transfer fee to Us to cover Our administrative,

and legal expenses incurred in connection with such assignment in an amount equal to five thousand dollars ($5,000); (f) You or Your assignee have paid a training fee at Our then current rate to cover training expenses; and (g) You and Your Owners, representatives, and/or agents have signed a general release in Our favor.

12.2.5 You must remain liable for all direct and indirect obligations under this Agreement and Your Franchise Units prior to the effective date of the transfer and will continue to remain responsible for Your obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements, and must execute any and all instruments reasonably requested by Us to evidence such liability.

12.2.6 Any assignment, transfer or other disposition by You of a single-unit Franchise Business within the Territory will be governed by the Franchise Agreement to which such single-unit Franchise Business is bound.

12.2.7 Transfers to Competitors Prohibited. In order to maintain the confidentiality of the proprietary information of the System, You agree that as a condition to becoming a Hokulia® Area Developer, neither You or any of Your owners, partners, members, managers, officers or directors, may sell, transfer, assign or pledge any part of this Franchise Agreement or any part of his or her ownership in Your entity, if applicable, to a competitor of Ours or an affiliate of a competitor of Ours without Our written permission. Any such sale, transfer, assignment or pledge without Our written approval will be considered void ab initio.

12.3 Right of First Refusal of the Franchisor. If You or Your Owners, at any time determine to sell, assign or transfer, this Agreement, or an interest therein, or an ownership interest in Your Entity of more than forty percent (40%), then You or Your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of such offer to Us. We will have the right, exercisable by written notice delivered to You or Your Owners within sixty (60) days from the date of delivery of an exact copy of such offer to Us, to purchase this Agreement and the development rights thereunder,(or such interest in this Agreement, or such ownership interest in You for the price and on the terms and conditions contained in such offer, provided that We may substitute cash for any form of payment proposed in such offer and We will have not less than sixty (60) days from the date We give notice to You of Our intent to purchase, to prepare for closing. If We do not exercise Our right of first refusal, You or Your Owners may complete the sale to such purchaser pursuant to and on the terms of such offer, provided that if the sale to such purchaser is not completed within one hundred fifty (150) days after delivery of such offer to Us, or if there is a material change in the terms of the sale that are less beneficial to You, We will again have the right of first refusal upon the terms and conditions herein provided.

12.3.1 In the event You wish to publicly offer Your shares in any partnership or corporation which has an ownership interest in You, said public offering will be subject to the approval by Us, which approval will not be unreasonably withheld.

12.3.2 Each shareholder or member of Your entity, if You are a corporation or other business entity, must be a party to an agreement which will provide, inter alia, that upon any

dissolution of the corporation or other business entity, or upon any divorce decree among the parties who are also owners, that ownership of the ownership interest will be transferred to the other owner, for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, or manager following any such dissolution or decree. The form and content of the shareholders agreement must be approved by Us prior to execution.

Article 13 - Notices

13.1 Notices. All notices permitted or required under this Agreement must be in writing and will be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission, during normal business hours, Monday through Friday, holidays excepted, when confirmed by telecopier or facsimile transmission; (iv) through the email address below or other authorized email address when confirmed by receipt verifications, which confirmation cannot be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, three (3) days after deposit in the mail addressed as follows:

Franchisor: **HOKULIA FRANCHISING, INC.**
872 W. Heritage Park Boulevard, #110
Layton, Utah 84011

Area Developer:_____
_____
_____

Section 14 - Representations

14.1 Your Efforts. You understand that the success or failure of the development of Franchise Units in the Territory and the Franchise Units depends, in major part, upon Your efforts.

YOU REPRESENT, COVENANT, AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING INCOME GUARANTEES, PROJECTIONS, AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OF YOUR BUSINESS OPERATIONS UNDER THIS AGREEMENT. YOU ACKNOWLEDGE AND AGREE THAT AS OF THE DATE OF THIS AGREEMENT YOU HAVE HAD NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

14.2 Receipt of FDD. You represent that You have had a copy of the Hokulia™ Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us, and during which time You had the opportunity to submit the Franchise Disclosure for review by legal counsel.

Article 15 - **Disputes & Arbitration**

15.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible.

15.2 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") arises between Us or Our subsidiaries, parents and affiliates and each of Our respective shareholders, managers, officers, directors, members, agents, employees and attorneys (in their representative capacity), if applicable, and You or Your entity owners, guarantors and employees, officers, directors, members, managers, agents, and attorneys (in their representative capacity), if applicable, in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

15.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us at Our then-current headquarters and within thirty (30) days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

15.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting requirement has not successfully resolved such matters and if desired by either You or Us, the matters will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert or counsel for any party with respect to the Dispute and any related matters.

15.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, any Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such Dispute solely in accordance with the express provisions of this Agreement. The arbitrator shall render a written opinion setting forth the facts found, law applied and reasons for the decision.

(i) Arbitration Procedures. In any arbitration the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue

summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of twenty-five (25) (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

(ii) Individual Disputes. Any Dispute and any arbitration, will be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration proceeding involving Us and any other person, except that with respect to a dispute involving You and Your affiliate, You and Your affiliate may both be parties to the arbitration.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of one (1) year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two (2) years after the first act or omission giving rise to an alleged claim.

(iv) No Special Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. You agree that We will not be liable for any act or omission which is consistent with this Agreement or which is done in subjective good faith.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: a) the validity of Our Marks, or other Intellectual Property; b) rights to obtain a writ of attachment or other prejudgment remedies; c) rights to receive and enforce a temporary restraining order, preliminary injunction,

permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement not in connection with other Disputes.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards, or other interim relief), that party can appeal, within thirty (30) days of such final award, to a three (3) person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the arbitrator and arbitration organization equally during the arbitration. However, the prevailing party in any arbitration, appeal or other action will be entitled to recover the administrative costs of the arbitration proceeding, attorney's fees and the fee for the arbitrator(s).

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

Article 16 – General Provisions

16.1 Severability. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable.

16.2 Governing Law and Jurisdiction. This Agreement will be governed, construed, and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article 15, if there is any litigation between us, You and We hereby irrevocably consent to the

exercise of general personal jurisdiction in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake County, State of Utah will be the exclusive venue for any litigation between Us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Salt Lake County, State of Utah.

16.3 Waiver of Obligations. You and We will not be deemed to have waived or impaired any right, power or option reserved by this Agreement Including the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof or any failure, refusal or neglect of Us or You to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder.

16.4 No Off-Sets or Withholdings. You covenant and agree that You will not offset nor withhold the payment of any fees or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any dispute of any nature or otherwise.

16.5 Cumulative Remedies. Rights hereunder are cumulative and no exercise or enforcement of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy hereunder which You or Us are entitled by law or equity to enforce. Nothing herein contained will be interpreted as to bar or waive Our right to obtain any remedy available at law or in equity including injunctive relief.

16.6 Costs and Attorney's Fees. If a claim for amounts owed by You to Us is asserted in any legal proceeding before a court of competent jurisdiction, or if We or You are required to enforce this Agreement in a judicial or arbitration proceeding, the Prevailing Party in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. For purposes of this Agreement, "Prevailing Party" Includes, the Party which obtains a judgment in their favor, or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought.

16.7 Binding Effect. This Agreement will be binding upon the parties hereto and their respective assigns and successors in interest, and cannot be modified except by written agreement signed by both Us and You.

16.8 Entire Agreement. This Agreement, including preambles and exhibit(s) to this Agreement, if any, are a part of this Agreement, which constitutes the entire agreement of the parties relating to the subject matter herein, and there are no other oral or written understandings or agreements between You and Us relating to the subject matter of this Agreement. No modification of the terms of this Agreement will be valid unless made in writing and executed by both Us and You. Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not

a party hereto. Nothing in this Agreement or in any related agreement is intended to disclaim of the representations We made in the Franchise Disclosure Document.

16.9 Interpretation of Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers. The Subsection headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and will have no effect upon the construction or interpretation of this Agreement. Time is of the essence in this Agreement.

16.10 Relationship of the Parties. In all matters, You are an independent contractor. Nothing in this Agreement constitutes You as Our partner, agent, nor joint venture with Us and this Agreement does not create a fiduciary relationship between You and Us. Neither party may act or have the authority to act as agent for the other, and neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You acknowledge that You do not have authority to incur any obligations, responsibilities or liabilities on behalf of Us, or to bind Us by any representations or warranties, and You agree not to hold Yourself out as having such authority.

16.11 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed or scanned and emailed signature page or similar electronic means, each of which will be deemed an original, but all of which together will constitute one and the same document.

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the day and year first above written.

FRANCHISOR:	AREA DEVELOPER:
HOKULIA FRANCHISING, INC.	_____ **(LLC/INC.)**
By: _____ (Signature)	_____ (Signature)
Name: _____	
Title: C.O.O._____	_____ (Print Name)

EXHIBIT "A"
TO THE AREA DEVELOPER AGREEMENT

The Territory* will consist of the following area: _____

_____

_____.

Our approval of the Territory or a location is not a guarantee or a warranty of the potential success of the Territory or a location.

_____
Area Developer Initial and Date

_____
Franchisor Initial and Date

EXHIBIT "A-1"

MAP OF TERRITORY

Area Developer Initial and Date

Franchisor Initial and Date

EXHIBIT "B"
TO THE AREA DEVELOPER AGREEMENT

FRANCHISE UNIT
DEVELOPMENT SCHEDULE

Mobile kiosks to be Opened Pursuant to this Agreement	Minimum Time for Mobile kiosks to be Opened from the date of this Agreement
1	_____ days
2	_____ days
3	_____ days
4	_____ days
5	_____ days
TOTAL:	_____ Mobile kiosks will be opened no later than _____ days from the date of this Agreement

_____
Area Developer Initial and Date

_____
Franchisor Initial and Date

EXHIBIT "I"
TO THE FDD

RELEASE AGREEMENT

HOKULIA FRANCHISING, INC.
RELEASE AGREEMENT

This Release Agreement ("Agreement") by and between **HOKULIA FRANCHISING, INC. a Utah corporation** (herein "Franchisor") and _____, **LLC/INC., a** _____ **limited liability company/corporation** ("Franchisee"), **and** _____, _____, _____ (jointly and severally herein "Personal Guarantors"). The above will collectively at times be referred to as "Parties" and individually as "Party." Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Hokulia® franchise agreement dated effective as of _____, 20___ with Franchisor (the "Franchise Agreement") which was personally guaranteed by the Personal Guarantors; and

WHEREAS, the Franchise Agreement has been terminated as of the ____ day of _____, 20___.

NOW THEREFORE, In consideration of the premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee, and Personal Guarantors hereby agree as follows:

1. Franchisee and Personal Guarantors hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, representatives, affiliates, directors, officers, members, managers, employees, shareholders, and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantors have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantors further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantors represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantors acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration,

amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.

3. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

4. Nothing in this Agreement releases Personal Guarantor(s) or Franchisee from their obligations under the non-competition clauses of the Franchise Agreement or their Non-Competition Agreements signed with Franchisor.

5. Miscellaneous.

5.1 Cooperation. Franchisee and Personal Guarantors will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

5.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the State of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

5.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All

arbitration hearings will be conducted in Salt Lake City, Utah, and the laws of the State of Utah will govern without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

5.4 Amending this Agreement. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

5.5 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

5.6 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

5.7 Confidentiality. Both Parties agree to maintain this agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

5.8 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document; notwithstanding, in due course, all original documentation will be forwarded to Franchisor and each party will be provided with a fully executed Agreement.

5.9 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements between the Parties are hereby terminated with no continuing duties or obligations on the part of the other Party.

5.10 Headings and Gender. Words in the masculine gender include the feminine and neuter. Use of the singular includes the appropriate plural numbers. The paragraph headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and will have no effect upon the construction or interpretation of this Agreement.

5.11 Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

6. This Agreement will be effective when signed by all of the Parties in the appropriate places indicated below. The date of this Agreement will be deemed to be the date on which the last signature is obtained.

7. Each of the Parties acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement. This Agreement will be effective when signed by all of the parties in the appropriate places indicated below. The date of this Agreement will be deemed to be the date on which the last signature is obtained.

FRANCHISOR:
HOKULIA FRANCHISING, INC.
a Utah corporation

By: _____
Its: _____

Date: _____

FRANCHISEE:
_____,Inc/LLC
(entity name)

By: _____
Its: _____

Date: _____

PERSONAL GUARANTORS:

By: _____
(print name)_____, personally

Date: _____

By: _____
(print name)_____, personally

Date: _____

By: _____
(print name)_____, personally

Date: _____

By: _____
(print name) _____, personally

Date: _____

RECEIPT
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hokulia Franchising, Inc, offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hokulia Franchising, Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "F".

The franchisor is Hokulia Franchising, Inc, located at 872 W. Heritage Park Boulevard, #110, Layton, Utah 84041. Its telephone number is (801) 478-4670.

The issuance date of this disclosure document is April 11, 2018.

The franchise sellers for this offering are the following (mark the box of the franchise seller(s) you worked with):

	Mark Gilleland	872 W. Heritage Park Blvd. Suite 110, Layton, Utah 84041	(801) 478-4670
	Clint Severson	872 W. Heritage Park Blvd. Suite 110, Layton, Utah 84041	(801) 478-4670
	Bob Strong	872 W. Heritage Park Blvd. Suite 110, Layton, Utah 84041	(801) 478-4670
	Brandon Neilson	756 W. Colbert Street, Meridian, Idaho 83646	(208) 884-7582

Hokulia Franchising, Inc authorizes the respective state agencies identified on Exhibit "E" to receive service of process for it in the particular state.

I received a disclosure document dated April 11, 2018 that included the following Exhibits:

A. Franchise Agreement and its Exhibits:
- A-1 Territory
- A-2 Company Representations and Warranties
- A-3 Principal Confidentiality & Non-Competition Agreement
- A-4 Employee Confidentiality & Non-Competition Agreement
- A-5 Principal Confidential Recipe Agreement
- A-6 Employee Confidential Recipe Agreement
- A-7 Landlords Consent
- A-8 Site Location Agreement
- A-9 ACH Form
- A-10 State Addenda

B. Confidential Information Application
C. Financial Statements
D. Schedule of Franchisees
E. List of Agents for Service of Process
F. List of State Agencies responsible for Franchise Disclosure and Registration Law
G. Table of Contents for Operations Manual
H. Area Developer Agreement
I. Release Agreement
J. Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

_____
Title (if signing for company)

You must sign and date this receipt. Please return the signed and dated receipt either by mailing it to Hokulia Franchising, Inc, at 872 W. Heritage Park Boulevard, #110, Layton, Utah 84041, or by faxing a copy to Hokulia Franchising, Inc at (801) 776-0792. You should keep a copy for your records.

RECEIPT
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Hokulia Franchising, Inc, offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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