

FRANCHISE DISCLOSURE DOCUMENT



HHC Franchising, LLC
a Nevada limited liability company
4305 Dean Martin Drive, Suite 185
Las Vegas, NV, 89103
Phone: (818) 400-1312
Website: www.hhc.ooo

As a franchisee, you will operate a fast-casual restaurant under the name "HHC®" serving fried chicken sandwiches and chicken tenders seasoned with our proprietary spices, french fries, salads, and related food and drink items served in new age, hipster atmosphere.

The total investment necessary to begin operation of an HHC® restaurant is between \$542,950 to \$1,368,000. This includes between \$77,000 and \$139,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an HHC® multi-unit development business will be a minimum of \$655,450, with no maximum. This includes a minimum of \$177,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Edmond Barseghian, at HHC Franchising, LLC, 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103, phone (818) 400-1312 or email: franchise@hhc.ooo.

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

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

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

ISSUANCE DATE: June 21, 2024



How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor in a system with a longer operating history.
3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

STATE REGULATIONS FOR THE STATE OF MICHIGAN

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

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

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

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

b. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchisor for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice may be directed to the following address:

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-7117

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Item 1 The Franchisor and any Parents, Predecessors, and Affiliates	8
Item 2 Business Experience	10
Item 3 Litigation.....	10
Item 4 Bankruptcy	10
Item 5 Initial Fees	10
Item 6 Other Fees	12
Item 7 Estimated Initial Investment	19
Item 8 Restrictions on Sources of Products and Services	23
Item 9 Franchisee's Obligations	27
Item 10 Financing.....	29
Item 11 Franchisor's Assistance, Advertising, Computer Systems, and Training.....	29
Item 12 Territory.....	42
Item 13 Trademarks	46
Item 14 Patents, Copyrights and Proprietary Information	47
Item 15 Obligation to Participate in the Actual Operation of the Franchise Business	49
Item 16 Restrictions on What the Franchisee May Sell	49
Item 17 Renewal, Termination, Transfer and Dispute Resolution	50
Item 18 Public Figures	59
Item 19 Financial Performance Representations	59
Item 20 Outlets and Franchisee Information.....	60
Item 21 Financial Statements	62
Item 22 Contracts.....	62
Item 23 Receipts.....	62

Exhibits

- A. State Administrators / Agents for Service of Process
- B. Franchise Agreement
- C. Multi-Unit Development Agreement
- D. Financial Statements
- E. Brand Standards Manual Table of Contents
- F. Form of General Release
- G. State-Specific Addendum
- H. Compliance Questionnaire
- I. Confidentiality and Non-Compete Agreement
- J. List of Franchisees
- K. State Effective Dates and Franchise Disclosure Document Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "we", "us," or "our" means HHC Franchising, LLC, the franchisor. "Franchisee," "you" or "your" means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, and its Affiliates

We are a Nevada limited liability company that was formed on November 18, 2021. Our principal business address is 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103. We do business under the name "HHC®," and other trademarks we designate. We began offering franchises in January 2022. We do not conduct any business activities other than franchising.

Our parent, HHC Worldwide Inc., ("HHCI") is a Delaware corporation that was formed on October 26, 2021. Its principal business address is 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103. HHCI does not provide products or services to franchisees. HHCI has never offered franchises in any line of business.

Our affiliate HHC IP Holdco, LLC is a Nevada limited liability company that was formed on November 30, 2021 ("HHCIP"). Its principal business address is 4305 Dean Martin Drive, Suite 185, Las Vegas, NV, 89103. HHCIP licenses to us the trademarks that we license to you. HHCIP has never offered franchises or conducted any other line of business.

Our affiliate HHC Distributions, LLC is a Nevada limited liability company that was formed on December 21, 2021. HHC Distributions, LLC sells proprietary spice kits that franchisees are required to purchase for their restaurants. HHC Distributions, LLC also sells "Make Your Own Hot Chicken" kits and retail products bearing the trademarks to the public at grocery stores and online. It has never offered franchises in any line of business.

Other than as stated above, we do not have any affiliates. We have never offered franchises in any other line of business. We do not have any predecessors. Other than as stated above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchise

We offer franchises that are fast-casual restaurants serving fried chicken sandwiches and chicken tenders seasoned with our proprietary spices, french fries, salads, and related food and drink items served in new age, hipster atmosphere operated under the HHC® trademarks. Our franchisees operate under a system that includes our valuable know-how, information, trade secrets, training methods, a brand standards manual, standards, designs, trademark usages, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the brand, all of which may be changed, improved, and further developed from time to time.

Each franchise business will typically be conducted through a retail restaurant that is located in or close to an indoor or outdoor retail center or mall that has easy access to highways or major thoroughfares and adequate parking, and in an environment where there are many different types of retail outlets.

You must operate your franchise business following our standard business operating practices and sign our standard franchise agreement. Your franchise business must offer the products and services we

authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your franchise business at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your franchise business.

Multi-Unit Development Agreement

We also offer a multi-unit development agreement. Under this program, we identify and assign a development area where you must open and operate a minimum of 5 HHC® restaurants on a schedule of one unit per year. The development area may be 1 city, 1 or more counties, or some other geographically-defined area. You would sign a multi-unit development agreement (Exhibit C), which will describe your development area and your development obligation.

Your on-going development rights will also be contingent upon you not being in default of your then-current franchise agreements and achieving a passing A-grade score on all internal and external audits for the operation of your restaurants, including food handling and safety audits within the then-previous 6 months and in maintaining at least a 4-star rating on our designated review platforms such as Google, Yelp, Uber Eats, etc., as well as secret shoppers.

For each unit you open under a multi-unit development agreement, promptly after we accept the site for the restaurant, you will sign a separate franchise agreement on our then-current form. Each then-current franchise agreement may contain materially different terms from the franchise agreement included in this offering.

Market and Competition

The market for our services and products generally is highly competitive and well-developed. You will have to compete with franchised operations, national chains and independently owned companies serving dine-in, take-away, and delivery fried chicken sandwiches, chicken tenders, french fries, and salads. You may also encounter competition from other HHC® restaurants.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, your franchise business will be subject to various federal, state, and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

You must comply with all local, state and federal laws applicable to restaurants, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health agencies have regulations for the preparation of food and the condition of restaurant and commissary kitchen facilities. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

Additionally, if we grant you permission to sell beer, wine, or other alcoholic beverages, or if we require you to do so, you will be required to comply with the laws applicable to alcohol-serving businesses,

including obtaining beer, wine, and/or an alcohol license or permit. We can require or permit a restaurant to serve alcohol on a case-by-case basis. Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

Founder & Chief Executive Officer: Edmond Barseghian

Edmond Barseghian has held this position since our inception in November 2021. He also holds this position with our parent, HHC Worldwide, Inc., and has done so since December 2021. From October 2020 to the present, Mr. Barseghian has also been an owner of various affiliated companies that operate HHC® restaurants in Las Vegas and Henderson, Nevada. From September 2017 to the present, Mr. Barseghian has been the President and owner of EMCCO Corp. in LaBelle, Florida.

Vice President of Franchise Operations: Matthew Rush

Matthew Rush has held this position since our inception in November 2021. From July 2020 through November 2021, Mr. Rush was the owner and founder of 1% Consulting LLC, a restaurant and franchise consulting company based in Las Vegas, Nevada. From June 2017 through June 2020, Mr. Rush was the Chief Operations Officer at SkinnyFats Worldwide located in Las Vegas, Nevada.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of \$50,000 in a lump sum at the time you sign the franchise agreement. Your initial franchise fee is not refundable under any circumstances.

Delayed Opening Fee

If you fail to open your restaurant within 12 months of the day you sign the franchise agreement, we have the right to either terminate your franchise agreement or charge you a delayed opening fee of \$7,500

per month for up to 3 months, which is payable in a lump sum on the 5th day of each month until you open. The delayed opening fee is not refundable under any circumstances.

Initial Supplies and Inventory

You must purchase from us (or our affiliate) an initial order of supplies and inventory for your franchise business. These items will include employee uniforms, banners, advertising for the grand opening of the restaurant, hats, stickers, logo branded paper goods and merchandise and other proprietary items. We anticipate that the cost of these items will range between \$10,000 and \$25,000, and payment is due at the time of ordering. These amounts are not refundable under any circumstances.

Initial Training

We will provide initial training and training materials for a fee of \$5,000 for up to 4 people. You, your operating principal and general manager must attend the initial training program. Any other owners who will be involved in the management or operations of your franchise business must also attend the initial training program. Additional attendees to the initial training are \$2,500 per person. You will also be responsible for all travel, lodging, food, salary and other expenses of your attendees. These fees are not refundable.

Grand Opening Assistance Fee

We will send you 4 to 6 of our representatives to provide assistance in preparing for your grand opening for at least 7 days before your grand opening. Additionally, at least one of these representatives will stay at your location to provide 4 to 7 days of assistance during the grand opening. The fee for this assistance is \$12,000, plus travel, food, and lodging of our representatives. The grand opening assistance fee is due 15 days before training starts, and the costs of the travel, food, and lodging for of our representatives will be due within 7 days of invoicing. For us to send our team to provide you with grand opening assistance, you must have all necessary licenses and permits, and all your refrigeration, kitchen and cooking equipment must be functioning. You must give us notice that you are ready for this training at least 30 days in advance.

Grand Opening Advertising

You will be required to spend a minimum of \$25,000 on grand opening advertising and promotions in your local market during the first 30 days from when you begin operating your restaurant. Although we expect you will spend this amount directly under most circumstances, we have the right to collect this amount from you prior to your opening so that we can conduct grand opening and marketing promotions and advertising on your behalf.

Multi-Unit Development Fee

If you sign a multi-unit development agreement, you must pay a multi-unit development fee of \$50,000 for each unit you commit to open under your development schedule. This fee will cover the initial franchise fees for each unit that you commit to develop and is payable in 3 installments. The first installment is \$50,000 for the first unit plus \$25,000 for each additional unit and is paid at the time of signing the multi-unit development agreement. The second installment is 25% of the remaining balance and is due on the first anniversary of signing the development agreement. And the third installment is the remaining 25% and is due on the second anniversary of signing the development agreement. For example, if you commit to develop 5 units, the total development fee would be \$250,000. The first

installment of \$150,000 would be due upfront; \$50,000 would be due at the end of the first year; and the remaining \$50,000 would be due at the end of the second year. You must commit to develop a minimum of 5 franchises under the multi-unit development agreement.

When you are ready to develop a new unit under the multi-unit development agreement, you will be required to sign our then-current form franchise agreement. Your multi-unit development fee will not be refunded under any circumstances.

These initial fees are uniform to all franchisees under this offering.

ITEM 6

OTHER FEES¹

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of your gross sales for each unit opened under a multi-unit development agreement; or 7% of your gross sales for a single unit if you only purchase one franchise	Payable weekly on the day designated by us	Based on your gross sales during the previous month (or other period we designate). We require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed. (Note 2)
Additional Royalty for Alcoholic Beverage Sales (If applicable and if you sell alcoholic beverages)	Dollar amount of the royalty that would have been charged on the difference between excluded sales and the royalty you actually paid us.	Payable weekly on the day designated by us	If a state or local law prohibits or restricts your ability to pay us royalty on alcoholic beverages, you will pay us the difference between those fees you paid us and the fees that would have otherwise been paid.
Brand Fund Fee	2% of your gross sales	Payable weekly on the day designated by us	Based on your gross sales during the previous month (or other period we designate). (Note 2)
Local Advertising Cooperative Contribution	1.5% of your gross sales	Payable weekly on the day designated by us or the advertising cooperative	If an advertising cooperative has been established for your market, you must participate. Each member will vote on the advertising cooperative's actions at the rate of one restaurant, one vote. (Note 2)

Type of Fee	Amount	Due Date	Remarks
Local Advertising Payment	The difference between the amount you spent monthly on local advertising and your required monthly local advertising expenditure (1.5% of your gross sales)	Payable upon receipt of invoice	If you fail to spend your required local advertising expenditure, you must pay us the difference between the amount you spent on local advertising and the required monthly local advertising expenditure, which will be credited to the brand fund. (Note 2)
Advertising Materials	Our actual costs incurred for creating advertising and promotional materials, plus an administrative fee equal to 15% of those costs	Payable upon ordering or shipping of materials	We may create advertising and promotional materials for your use. We have the right to require reimbursement for our costs of creating them.
Performance Audit	\$500 every other month	Bi-Monthly	We will cover the costs of our representatives to perform this bi-monthly performance audit. However, if your restaurant fails any performance audit, we will do a reinspection within 30 days, and you will be charged an additional \$500, plus all travel, lodging, meals, and other expenses we incur to send our representative to do the reinspection.
Transfer Fee (unit franchise)	\$12,500	No fewer than 10 business days before you complete your transfer	Applicable only if you choose to transfer your franchise agreement. Our consent is required for any transfer.
Successor Franchise Fee	\$5,000	Upon signing your successor franchise agreement	Payable if you wish to obtain the right to continue operating as our franchisee after the end of your initial franchise term

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	\$10,000	Upon requesting our approval of your proposed relocation of your restaurant	You must obtain our written consent before you relocate your restaurant, and you may not relocate it outside of your protected area.
Transfer Fee (multi-unit development agreement)	\$5,000 per unopened unit	No fewer than 10 business days before you complete your transfer	Applicable only if you choose to transfer your multi-unit development agreement. Our consent is required for any transfer.
Replacement Operating Principal or Manager Training	\$2,500 per person	Prior to training	Any new general managers or operating principals must attend our initial training program within 30 days of resignation of the prior general operating principal or general manager, and you must cover all travel, food, lodging, salaries and other expenses of your attendees.
Brand Standards Training	Currently, \$1,150 per day, plus and all travel, lodging, meals, and other expenses we incur to send the training team to your restaurant	Within 7 days of invoicing	After your first 90 days of operation, if you fail to maintain the required minimum aggregate, average score for a continuous period of 30 days or more on social media or app platforms as we identify in our brand standards manual, we have the right to send our training team members to your restaurant for up to 10 days as determine by us.

Type of Fee	Amount	Due Date	Remarks
Additional Training or Assistance Fee	Currently, \$1,150 per day, plus costs	Within 7 days of invoicing	Depending on advanced notice and our availability, you may request additional in-person training. In such case, you will also be required to pay all travel, lodging, food, and other expenses of your attendees or our representatives during this additional training. We reserve the right to limit additional in-person training.
Conference or Convention Fee	Amount we establish, which currently is between \$750 and \$1,500 per person	Prior to the convention or conference	Each person who attends the conference or convention on your behalf will be required to pay this fee. You, your operating principal and/or general manager will not be required to attend more than 2 meetings, or spend more than 4 days at any meeting, in any calendar year.
Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month	As incurred	Payable if the audit shows an understatement greater than 2% of reported amounts or if you refuse to cooperate with an audit, you must also reimburse us for all costs connected with the audit, and we may require you to provide audited financials moving forward

Type of Fee	Amount	Due Date	Remarks
Management Fee	An amount equal to 15% of your daily gross sales for each day that we manage your restaurant	As incurred	Due when we (or a third party) manage your restaurant after your death or disability, or by exercising our step-in rights. This interim management period will not last more than 6 months unless otherwise agreed between us.
Late, Dishonored Payments or Reports, or Insufficient Funds Fee	\$500 each time	As incurred	Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason. If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum). (Note 4)
Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less	Payable when any payment is overdue	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Dispute Resolution Fees	Our costs, administrative expenses, and attorneys' fees (Note 3).	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of the franchise agreement	Due when you do not comply with the franchise agreement
Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less	Payable when any payment is overdue	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.

Type of Fee	Amount	Due Date	Remarks
Supplier or Product Evaluation Fee	Our actual costs incurred to review your request, plus an administrative fee equal to 15% of those costs	Within 7 days of invoicing	Payable if you want to have unapproved suppliers or products evaluated for our approval
Insurance	Our cost of premiums, plus an administrative fee equal to 15% of the cost of the premiums	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you
Indemnification	Our damages and costs	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your restaurant
Liquidated Damages	The combined monthly average of your royalty fees (without regard to any fee waivers or other reductions) beginning with the date on which you open your HHC® restaurant through the date of early termination, multiplied by the lesser of 24 months or the remaining term of your franchise agreement	Within 15 days of the early termination of your franchise	Payable if your franchise agreement is terminated prior to the expiration of the term other than for mutual termination. This is only to compensate for lost royalties and is not our only remedy.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees, except that we granted a temporary variance on the brand fund fee to one of our early franchisees. All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

2. The term "gross sales" means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from your restaurant, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to your restaurant. Gross sales includes insurance proceeds and/or condemnation awards for loss of sales, profits or business. Gross sales does not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental

authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority;

(ii) the value of any complimentary meals or menu items, up to a maximum of 3% of your gross sales in the aggregate;

(iii) cash refunds to customers and valid coupons given by your restaurant and used by customers, provided the full price of any product or service was first included in your gross sales;

(iv) tips from customers given to your employees; or

(v) the sale of gift cards, as the sales of gift cards will be pooled by us or an affiliate. However, your gross sales do include gift cards that are redeemed at your restaurant. We will deduct royalties on gift cards redeemed at your restaurant and then remit the balance to you.

Gross sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) has been received by you.

If you do not timely report your gross sales to us, we will have the right, at our option, to debit your account in an amount equal to either: (a) 120% of the fees transferred from your account for the last period for which you provided a report of your gross sales to us; or (b) the amount due based on information retrieved from the POS System. We will credit you with any overage that we charge.

3. If we prevail in any action against you to secure or protect our rights under the franchise agreement, or to enforce the terms of the franchise agreement, we will be entitled to recover from you reasonable attorneys' fees and court costs. If we become a party to any action or proceeding concerning the franchise agreement, or any agreement between us and you, or your restaurant, because of any claimed or actual act, error or omission of you or your restaurant, then you will be liable for our reasonable attorneys' fees incurred by us in the action or proceeding.

4. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to: (a) pay us amounts when they are due; (b) submit when due any reports, information, or supporting records; or (c) otherwise comply with the franchise agreement, you must reimburse us for all of our costs and expenses of enforcement and collection, including our reasonable: (i) legal fees; (ii) investigation fees; (iii) travel expenses of our employees or agents; and (iv) hourly charges of our employees or agents.

ITEM 7**ESTIMATED INITIAL INVESTMENT****YOUR ESTIMATED INITIAL INVESTMENT
(UNIT FRANCHISE)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$50,000	Lump sum	Upon signing of the franchise agreement	Us
Delayed Opening Fee	\$0 to \$22,500	Lump sum	As incurred	Us
Initial Training Fee (up to 4 attendees)	\$5,000	Lump sum	Before attending training	Us
Leasehold Improvements (Note 1)	\$90,000 to \$560,000	As incurred	As agreed	Contractors and suppliers
Rent and Common Area Maintenance Charges (1 month) (Notes 2 and 3)	\$9,000 to \$25,000	As incurred	As agreed	Landlord
Furnishings and Fixtures (Note 4)	\$20,000 to \$40,000	As incurred	As agreed	Approved suppliers
Kitchen Equipment (Note 5)	\$150,000 to \$300,000	As incurred	As agreed	Approved suppliers
Signs, Décor, Menu Boards and Menus	\$30,000 to \$50,000	As incurred	As agreed	Approved suppliers
Architectural Plans	\$25,000 to \$50,000	As incurred	As agreed	Architect
Small Wares and Office Supplies	\$10,000 to \$20,000	As incurred	As agreed	Approved suppliers
Computer, Printer, and Phone Equipment	\$1,000 to \$2,500	As incurred	As agreed	Approved suppliers
Initial Branded Supplies and Inventory	\$10,000 to \$25,000	As incurred	As agreed	Us and affiliates
Other Supplies and Inventory	\$15,000 to \$20,000	As incurred	Upon ordering	Approved suppliers
Point of Sale System and Installation	\$2,500 to \$5,000	As incurred	As agreed	Approved suppliers
Utility Deposits	\$0 to \$6,000	As incurred	As agreed	Utility service providers
Licenses & Permits (Note 6)	\$5,000 to \$15,000	As incurred	As agreed	City / State / County / Licensing Authority
Insurance Deposits and Premiums (3 months)	\$950 to \$5,000	As incurred	As agreed	Insurance carrier
Professional Fees	\$0 to \$5,000	As incurred	As agreed	Accountant(s) and attorney(s)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Advertising	\$25,000 to \$35,000	As incurred	As incurred	Us or approved suppliers
Grand Opening Assistance Fee	\$12,000	Lump sum	15 days before your opening	Us
Travel, Food, and Lodging for Grand Opening Assistance Attendees (Note 7)	\$7,500 to \$15,000	Lump sum	Within 7 days of invoicing	Us
Additional Funds (3 months) (Note 8)	\$75,000 to \$100,000	As agreed	As incurred	Employees, marketing companies, other approved suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 9)	\$542,950 to \$1,368,000			

**YOUR ESTIMATED INITIAL INVESTMENT
(MULTI-UNIT FRANCHISE) (NOTE 10)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Multi-Unit Rights Fee	\$100,000 minimum; no maximum	Lump sum	Upon signing of the multi-unit development agreement	Us
Initial Franchise Fee	\$50,000	Lump sum	Upon signing of the franchise agreement	Us
Delayed Opening Fee	\$0 to \$22,500	Lump sum	As incurred	Us
Initial Training Fee (up to 4 attendees)	\$5,000	Lump sum	Before attending training	Us
Leasehold Improvements (Note 1)	\$90,000 to \$560,000	As incurred	As agreed	Contractors and suppliers
Rent and Common Area Maintenance Charges (1 month) (Notes 2 and 3)	\$9,000 to \$20,000	As incurred	As agreed	Landlord
Furnishings and Fixtures (Note 4)	\$20,000 to \$40,000	As incurred	As agreed	Approved suppliers
Kitchen Equipment (Note 5)	\$150,000 to \$300,000	As incurred	As agreed	Approved suppliers
Signs, Décor, Menu Boards and Menus	\$30,000 to \$50,000	As incurred	As agreed	Approved suppliers
Architectural Plans	\$25,000 to \$50,000	As incurred	As agreed	Architect
Small Wares and Office Supplies	\$10,000 to \$20,000	As incurred	As agreed	Approved suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computer, Printer, and Phone Equipment	\$1,000 to \$2,500	As incurred	As agreed	Approved suppliers
Initial Branded Supplies and Inventory	\$10,000 to \$25,000	As incurred	As agreed	Us and affiliates
Other Supplies and Inventory	\$15,000 to \$20,000	As incurred	Upon ordering	Approved suppliers
Point of Sale System and Installation	\$2,500 to \$5,000	As incurred	As agreed	Approved suppliers
Utility Deposits	\$0 to \$6,000	As incurred	As agreed	Utility service providers
Licenses & Permits (Note 6)	\$5,000 to \$15,000	As incurred	As agreed	City / State / County / Licensing Authority
Insurance Deposits and Premiums (3 months)	\$950 to \$5,000	As incurred	As agreed	Insurance carrier
Professional Fees	\$0 to \$5,000	As incurred	As agreed	Accountant(s) and attorney(s)
Travel, Lodging, and Meal Expenses for Initial Training (Note 7)	\$12,500 to \$20,000	As incurred	As incurred	Us, airlines, hotels, rental car companies, restaurants, and others
Grand Opening Advertising	\$25,000 to \$35,000	As incurred	As incurred	Us or approved suppliers
Grand Opening Assistance Fee	\$12,000	Lump sum	15 days before your opening	Us
Travel, Food, and Lodging for Grand Opening Assistance Attendees	\$7,500 to \$15,000	Lump sum	Within 7 days of invoicing	Us
Additional Funds (3 months) (Note 8)	\$75,000 to \$100,000	As agreed	As incurred	Employees, marketing companies, other approved suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 9)	\$655,450 minimum; no maximum			

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your restaurant. In compiling this chart, we relied on our affiliate's experience as operators of HHC® restaurants in Las Vegas, Nevada that are similar to the franchise being offered to you as well as the experience of our current franchisees.

We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

Payments you make to us and our affiliates are not refundable under any circumstances. We do not know whether any of the money you pay to third parties will be refundable.

Notes

1. Leasehold Improvements. These amounts include the expected expenses for building out your restaurant. They do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a “vanilla shell” space that, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for the operation of a restaurant. The lower figure assumes that you remodel an existing restaurant space. These amounts do not reflect costs for the construction of a free-standing restaurant, which also would result in a significantly greater initial investment.
2. Rent and Common Area Maintenance Charges. This estimate does not include a tenant improvement allowance or any free rent that you may receive from the landlord for your restaurant. This estimate is for the first 3 months of rent.
3. Location and Real Estate. Your restaurant will typically be located in or near strip centers, outdoor malls or freestanding locations. Proximity to a dense business park is also highly desirable. Each restaurant is expected to be between 2,500 and 4,000 square feet in size. We anticipate that most of our franchisees will lease space for their restaurants. As a result, these amounts do not reflect costs for the purchase of real estate for your restaurant, which also would result in a significantly greater initial investment.
4. Furnishings and Fixtures. You must obtain and use furnishings and fixtures meeting our specifications, including, but not limited to, booths, tables, chairs, artwork, and décor items. This table assumes that your furnishings and fixtures will be purchased not leased.
5. Kitchen Equipment. You must obtain and use equipment meeting our specifications including but not limited to batter stations, fryers, hoods, and other items. This table assumes that your equipment will be purchased not leased.
6. Licenses and Permits. These are estimates of obtaining local business licenses which usually remain current for one calendar year. The costs of these permits and licenses will vary greatly depending on the geographic area in which your restaurant is located.
7. Training Expenses. We require you and certain members of your team to participate in our initial training program. Our estimate includes an approximate cost for travel, meals, lodging and other related expenses for minimum of 2 attendees and maximum of 4 attendees to attend the off-site initial training. These estimates may vary depending on the number of attendees you wish to bring, mode of transportation, distance of transportation, and the selection of lodging and dining options.
8. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including sales taxes, recruitment, on-site training expenses, payroll processing, janitorial services as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cleaning, cellular telephones, and other supplies. Additional funds is also an estimate of the monies you will need on hand during the initial phase of restaurant operations. This estimate also includes the estimated cost of salaries for your employees but does not include an estimated salary for you. During your first 3 years of operating your restaurant, you must maintain a minimum average daily balance in your restaurant’s operating bank

account of \$75,000 which is included in this line item. If you fail to maintain this minimum average daily balance, we have the right to terminate the franchise agreement. You are required to provide us with view-only access to your operating bank account.

In formulating the amount required for additional funds, we relied on our affiliate's experience as developer and operator of HHC® restaurants in Las Vegas, Nevada that are similar to the franchise being offered to you as well as the experience of our current franchisees. Our estimates are based on our affiliate's experience in building, developing, and operating those restaurants.

9. Figures May Vary. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your restaurant. Additional funds for the operation of your restaurant will be required after the first 3 months of operation if sales produced by your restaurant are not sufficient to produce positive cash flow.

10. Multi-Unit Fees. The multi-unit development agreement total initial investment is computed by taking the total amount required to open a single restaurant and adding the multi-unit rights fee for 4 more restaurants for the low number, as you are required to open a minimum of 5 restaurants. There is no maximum number of restaurants we will agree to permit you to develop under the multi-unit development agreement, depending on our evaluation of your experience and capital. The estimate does not include the build-out of any restaurant other than the first one.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the HHC® system, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the system and our trademarks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the "brand standards manual") that we will loan to you.

Approved and Designated Suppliers

We will provide you with an approved suppliers list with approved manufacturers, suppliers, and distributors and an approved supplies list with approved equipment, signs, stationery, supplies and other items or services necessary to operate your restaurant. From time to time we, our affiliate or a third-party vendor or supplier, may be the only approved supplier for certain products. The approved supplies list also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the approved suppliers list and approved supplies list. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you desire to purchase items from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. The procedure for submitting a request will be outlined in the brand standards manual. You must reimburse us for our costs associated with the evaluation, plus 15%, within 7 days of invoicing. We will have up to 45 days to conduct our evaluation before we render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety

standards. We may re-inspect the facilities and products of any supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) quality of the products or items; (2) ability to make product in conformity with our specifications; (3) reputation and integrity of supplier; (4) financial condition and insurance coverage of the supplier; (5) payment terms; (6) delivery schedule; (7) conformity with local and national health laws; and (8) pricing. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

Required Purchases or Leases

The approved supplier list and approved supplies list will be included in our brand standards manual.

You must purchase or lease the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals.

Item or Service	Is the franchisor or an affiliate an approved supplier of this Item?	Is the franchisor or an affiliate the only approved supplier of this Item?
HHC® Sauces and Spices	Yes	Yes
Plates, Cups, Boxes, Logo-Bearing Items and Merchandise	Yes	Yes
Foods, Paper Goods, Supplies and Inventory Items	No	No
Advertising and Promotional Materials	Yes	No
Merchant Services	No	No
Cleaning Chemicals, Laundry, Pest Control, Oil Supply and Removal	No	No
POS System and Software	No	No
Premises Surveillance System	No	No
Employee Uniforms	Yes	No
Insurance	No	No

We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table. Additionally, we reserve the right to require that all items used in the operation of your business be purchased from sources approved by us.

Third Party Delivery Services

You must participate in delivery program we create or adopt, and you must cover the applicable fees for such program. These fees generally range between 12% to 15% of the order price. You will not participate in any third party delivery platform unless approved by us.

Insurance

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party with waiver of subrogation. All policies must be underwritten by companies having an A.M. Best rating of A- or higher. We and our affiliates are not approved suppliers of the required insurance policies.

The insurance policies must include, at a minimum, the following types of coverage in the amounts listed. All insurance must be on an "occurrence" basis:

Policy Type	Coverage	Coverage Amounts
Builders' Risk Coverage	All construction, renovation, or remodeling of your restaurant	100% replacement costs for the project
Business liability	Liability and Medical Expenses	\$1,000,000
	Medical Expenses - Any One Person	\$5,000
	Cyber Liability	\$50,000
	Personal and Advertising Injury	\$1,000,000
	Damages to Premises Rented to You	\$1,000,000
	Property Insurance, Including Machinery and Equipment Breakdown	100% replacement value
	Aggregate Limits on Business Liability	\$3,000,000
	Aggregate Limit: General Aggregate	\$3,000,000
Business Interruption		Amount required for 6 months of profit and necessary operating expenses, including the payment of royalties
Liquor Liability	Coverage is required if your restaurant distributes, sells, or serves alcoholic beverages, or if its activities require a liquor license	\$1,000,000 per occurrence and \$1,000,000 in the aggregate
Umbrella Liability		\$1,000,000
Commercial Auto	Covered Autos Liability	\$1,000,000
	Comprehensive Coverage	Actual cash value
	Collision Coverage	Actual cash value
Employment Practices Liability Coverage	Each Claim Limit	\$1,000,000
	Aggregate	\$1,000,000
Employers Liability Insurance	Bodily Injury by Accident	\$1,000,000 each accident (or higher amount required by law)
	Bodily Injury by Disease	\$1,000,000 policy limit (or higher amount required by law)
	Bodily Injury by Disease	\$1,000,000 each employee (or higher amount required by law)
Other	Insurance Required Under Applicable Law	Amount required by law

Builders' risk coverage must be in place before construction at the site begins, and permanent property insurance coverage must be placed before the builders' risk coverage nullifies. You will be responsible to obtain this coverage if the general contractor does not provide you (and us) with proof of the needed levels of builders' risk insurance. Liability coverage for any construction must be in place when taking possession of the site, and permanent "restaurant" liability coverage should be in place once any construction ceases.

We have the right to require that you obtain from your insurance company, and subsequently provide to us for our review, a report of claims made and reserves set against your insurance (commonly known as "loss runs").

We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the brand standards manual. Your insurance policies must be primary and non-contributory with respect to general liability, auto liability and excess liability and provide endorsements.

These policies (excluding worker's compensation) will insure you, us, and our officers, directors, and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. 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 prior to you beginning operations. Our 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 or maintain insurance, we may obtain insurance for you, and you will pay us the premium costs, plus 15% for our time. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. Other than compensating us for our time to purchase insurance for you, we do not derive revenue from your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement.

If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition within 160 days from receiving the proceeds, unless we consent otherwise in writing.

Real Estate and Site Selection

You must purchase or lease real estate for your restaurant according to the criteria that we will make available to you in the brand standards manual. You must operate the restaurant at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the franchise agreement as Addendum 5). You must construct and equip your restaurant according to our approved design, specifications and standards. We are not presently an approved supplier of the real estate for your restaurant, but we reserve the right to be an approved supplier of real estate in the future.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase or lease of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating

the restaurant, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 50% and 80% of your total cost to establish a restaurant and between 15% and 20% of your total cost of operating a restaurant (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this franchise disclosure document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We expect that we will negotiate prices in the future for various products for the benefit of the system, but not on behalf of or for the specific benefit of individual franchisees.

We may also derive revenue or other material consideration from required purchases or leases by franchisees from approved suppliers. In the fiscal year ending December 31, 2023, we derived \$236,316 from the sale of equipment and merchandise to our franchisees, which represents 19% of our total revenues in 2023 of \$1,241,188. Additionally, in the year ending December 31, 2023, our parent's revenues from the sale or lease of products and services purchased by our franchisees from required sources was \$114,964.49

Ownership in Approved Suppliers

One of our principal officers, Edmond Barseghian, owns an equity interest in us (the franchisor) and our affiliates, and we and our affiliates are approved suppliers.

Benefits Provided to You for Purchases

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section In Agreement	Item In FDD
a	Site Selection & Acquisition/Lease	Sections 3.1 – 3.6, 9.8 and Addenda 1, 4, and 5 of the Franchise Agreement; Sections 2.1 and 7.1 of the Multi-Unit Development Agreement	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.2 – 3.6, 9.2 – 9.5, 8.2, 11.1, 11.2, 14.3 of the Franchise Agreement	Items 5, 7, 8, and 11

	Obligation	Section In Agreement	Item In FDD
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 – 3.7 of the Franchise Agreement; Sections 6.1 and 6.2 of the Multi-Unit Development Agreement	Items 7, 8, and 11
d	Initial & Ongoing Training	Sections 10.1 – 10.8 of the Franchise Agreement	Items 6, 7, and 11
e	Opening	Sections 3.7 and 10.2 of the Franchise Agreement	Item 11
f	Fees	Article 6, Sections 8.2, 8.3, 10.1, 10.2 and 18.7 and Paragraph 8.5.3 of the Franchise Agreement; Article 5 and Section 7.1 of the Multi-Unit Development Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 Sections 1.1, 1.4, 1.7, 1.8, 6.4, 7.3, 8.1, 9.2, 9.17, 11.2, 14.3, Paragraph 13.2.3, 17.2.7 of the Franchise Agreement; Section 6.2 of the Multi-Unit Development Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Article 7 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2, 9.3, 9.4, 9.5, 9.10, 9.13, 9.14, 9.15, 9.16, 9.19, & 9.21 of the Franchise Agreement	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Sections 9.11 and 9.12 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Sections 2.1 and 9.22 of the Franchise Agreement; Section 2.1 of the Multi-Unit Development Agreement	Item 12.
l	Ongoing Product/Service Purchases	Sections 9.2, 9.3, 9.4, 9.5, 9.7, 9.10, 9.13 & 9.21 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.7 and 9.10 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 and Section 6.6 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement; Section 10.2 of the Multi-Unit Development Agreement	Item 6

	Obligation	Section In Agreement	Item In FDD
q	Owner's Participation, Management, Staffing	Section 9.1 of the Franchise Agreement; Sections 10.1 and 11.2 of the Multi-Unit Agreement	Items 11 and 15
r	Records and Reports	Article 11 and Sections 6.5, 6.6, 6.8, 8.1, 8.2, Paragraph 8.3.2, 8.5.3, , and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 and Sections 9.12, 9.15, 9.21, 10.8 and 10.12 of the Franchise Agreement	Items 6 and 11
t	Transfer	Article 15 of the Franchise Agreement; Article 7.1 of the Multi-Unit Development Agreement	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement; Sections 4.2 of the Multi-Unit Development Agreement	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement; Section 8.1 of the Multi-Unit Development Agreement	Items 15 and 17; Exhibit I
x	Dispute Resolution	Article 19 of the Franchise Agreement; Section 10.14 of the Multi-Unit Development Agreement	Item 17
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Assistance. Prior to the opening of your restaurant, we will provide the following initial services:

1. We do not select the site for your restaurant, but we will not unreasonably withhold our acceptance of a site that meets our requirements. We will designate a search area in which you may search for your site location. We will approve or disapprove your site within 30 days after we receive from you notice of the site's proposed location. (Franchise Agreement, Section 3.2)
2. If you have a multi-unit development agreement, we must approve the location of future restaurants and any protected areas for those restaurants before you begin developing the applicable location. Our then-current standards for sites and protected areas will apply. (Multi-Unit Development Agreement, Article 6)
3. If you lease the location for your restaurant, we must review your proposed lease and approve or reject it based on its adherence to our requirements. The scope of our review is limited to adherence to our requirements and does not include a review of the underlying terms of the lease. We do, however, reserve the right to object to any provision of the lease that we believe may impact the viability of the franchised location. We will complete our review of your lease for compliance with our requirements as soon as practicable, but in no event longer than 15 business days after we receive the proposed lease from you. (Franchise Agreement, Section 3.3)
4. Designate the protected area for your restaurant, based on its location. (Franchise Agreement, Section 3.1; multi-unit development agreement, Section 1.1)
5. Communicate with you and the approved suppliers for the initial design and construction of your restaurant regarding our standards and specifications for the design, layout, appearance, and equipment in your restaurant location, as well as our approval or disapproval of the construction plans and specifications for your restaurant. You must submit to us for approval all construction plans and proposed deviations, and we will approve or disapprove of such plans within 30 days of the date you submit them (Franchise Agreement, Sections 3.5 and 3.6)
6. We will provide an initial training program to your owners, your operating principal and your general manager (and/or your managing owner) on the system, system guidelines, and operational and brand standards. We will not train or assist in training your other employees or independent contractors. (Franchise Agreement, Section 10.1)
7. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the business. We do not assist you with the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, work rules, safety, or working conditions of your employees. That is your responsibility. (Franchise Agreement, Paragraphs 13.2.2 and 13.2.3)
8. Loan to you, or provide you with electronic access to, one copy of the brand standards manual. We describe the brand standards manual later in this Item. (Franchise Agreement, Article 9)
9. Provide to you advertising, marketing, and promotional materials and support and assist you with your grand opening advertising campaign, which we describe later in this Item. We will also assist you with an initial social media campaign. We will own the social media accounts related to the brand, but we may provide you access to the social media account for your restaurant for certain management responsibilities and functions. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. All social media for our brand must strictly comply with our policies and procedures. We can alter, remove, or require that you alter or remove a post. You must sign the Digital and Social Media Authorization for

Assignment as part of your franchise agreement. We reserve the right to restrict your use of social media in the future. (Franchise Agreement, Section 9.10)

10. Provide you lists of start-up inventory, furniture, fixtures, software, equipment and supplies we require you otherwise to obtain. You may only work with our approved suppliers of these items. (Franchise Agreement, Section 9.4)

Site Selection

We do not select the location of your restaurant and we generally do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. However, we will provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose. (Franchise Agreement, Section 3.2)

You select the site of your restaurant within the protected area provided in the franchise agreement. We will either accept or reject the site in our sole discretion. If we accept a location submitted by you, we will enter it on Addendum 1 of your franchise agreement. Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site that you have submitted for your restaurant is within the search area and is a suitable site based upon criteria we establish from time to time. You must obtain our approval of a site no later than 6 months after you sign the franchise agreement. You must have a fully executed lease for a location approved by us no later than 8 months after you sign the franchise agreement or 180 days before the end of each development period if you have entered into a multi-unit development agreement. Your franchise agreement and/or your multi-unit development agreement may be terminated if you do not meet a deadline in the development of your restaurant(s) or if we cannot timely agree on a site (Franchise Agreement, Sections 3.1, 3.2, 3.3, and 3.7; Multi-Unit Development Agreement Section 2.3)

We must determine that your proposed location meets or exceeds our standards, but our acceptance does not ensure that your restaurant will be profitable at the approved location. We will either accept or reject the site in our sole discretion. We evaluate each proposed site and accept or do not accept each one on a case-by-case basis. The factors that we consider in approving your site(s) include (but are not limited to) general location and neighborhood; demographics and population density; educational background of neighboring daytime and nighttime populations; estimates regarding future population growth; daytime population versus nighttime population; visibility; traffic patterns, access, and parking; size; physical characteristics of any existing buildings; median, mean, and per capita household income; lease terms; local competition; and proximity to other businesses as well as density of business population.

We will approve or disapprove your proposed site within 30 calendar days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your restaurant and repeat the process. (Franchise Agreement, Section 3.2)

Time to Open

We estimate that there will be an interval of time of 6 to 12 months between the execution of the franchise agreement and the opening of your restaurant. The factors that may affect this length of time include obtaining a satisfactory site; the type of site (e.g., an existing vanilla shell structure or a build-to-suit pad); remodeling and decorating the site; obtaining our approval of revisions to architectural and other design plans that vary from our standard plans; time for obtaining building permits; zoning and

local ordinances; weather conditions; materials shortages; hiring as needed; obtaining financing arrangements; and delayed installation of equipment, fixtures and signs. If: (a) you and we cannot reasonably agree on a site within 6 months of signing your franchise agreement; (b) you fail to sign a lease for a location we have approved within 8 months of signing your franchise agreement; or (c) you fail to open and begin operating your restaurant within 12 months of signing your franchise agreement, unless you have paid us the delayed opening fee of \$7,500 per month (in which case, your opening deadline will be extended by up to 3 months), we have the right to terminate the franchise agreement. If we terminate the franchise agreement for one of these reasons, we will not refund any portion of the initial franchise fee you paid us. You must obtain our written approval before opening your restaurant, and you must notify us of your anticipated opening date at least 60 days in advance of that date. (Franchise Agreement, Article 3).

Post-Opening Obligations. During the operation of your restaurant, we will:

1. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Section 10.8)
2. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Section 10.8)
3. We will send you 4 to 6 of our representatives to provide assistance in preparing for your grand opening for at for least 7 days before your grand opening. Additionally, at least one of these representatives will stay at your location to provide 4 to 7 days of assistance during the grand opening. The fee for this assistance is \$12,000, plus travel, food, and lodging of our representatives. The grand opening assistance fee is due 15 days before training starts, and the costs of the travel, food, and lodging for of our representatives will be due within 7 days of invoicing. For us to send our team to provide you with grand opening assistance, you must have all necessary licenses and permits, and all of your refrigeration, kitchen and cooking equipment must be functioning. You must give us notice that you are ready for this training at least 30 days in advance. (Franchise Agreement, Section 10.2)
4. At your request (or if we require it in the case that you are performing below our system standards), provide you with additional training. We have the right to charge you our then-current tuition fee as published in the brand standards manual (currently, \$1,150 per day). We reserve the right to limit in-person training. Also, you must reimburse us our reasonable travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. If the training occurs at a place other than your restaurant, you must pay for your and your employees' travel, lodging, meals, and other expenses. (Franchise Agreement, Section 10.3)
5. At your request, we will provide you with advertising and promotional materials that we have pre-approved for you to use in marketing your restaurant. You must pay us our costs for these items. (Franchise Agreement, Section 8,1)
6. Conduct a performance audit of your restaurant every other month beginning approximately 60 to 90 days after opening. The cost for this performance audit is \$500 and is due bi-monthly. We will cover the costs of our representatives to perform this bi-monthly performance audit. However, if your restaurant fails any performance audit, we will do a reinspection within 30 days, and you will be charged an additional \$500, plus all travel, lodging, meals, and other expenses we incur to send our representative to do the reinspection. (Franchise Agreement, Section 10.11)

Post-Opening Optional Assistance. During the operation of your restaurant, we may:

7. After your first 90 days of operation, if you have failed for a period of 30 days or more to maintain our minimum average aggregated score on the social media or app-based review platforms that we identify in our brand standards manual, we will have the right (but not the obligation) to send a team of up to 5 of our staff members to your restaurant for a period of up to 30 days to assist you in addressing any operational issues that we identify at your restaurant. and the fee for this assistance is \$1,150 per day, plus all travel, lodging, meals and other expense we incur to send the training team to your restaurant. (Franchise Agreement, Section 9.12)
8. Conduct annual or other periodic conferences and/or meetings for all franchisees, managers, and other personnel. We have the right to require you, your operating principal and your general manager to attend these conferences. We will charge you a fee for each person who attends the conference or meeting on your behalf (currently, between \$750 and \$1,500 per attendee). (Franchise Agreement, Section 10.6)
9. Advise you of operating problems found at your restaurant by disclosing them through reports submitted to us or through inspections made by us. We may furnish you with such guidance and assistance in connection with the operation of your restaurant as we deem appropriate. (Franchise Agreement, Sections 10.8, 10.9 and 10.11)
10. Institute, maintain and administer a central advertising account (the "brand fund") for such advertising or public relations programs, as we, in our sole discretion, may deem appropriate to promote restaurants locally, regionally, or nationally. (Franchise Agreement, Section 8.4)
11. Coordinate the presence of the system on the Internet, including e-commerce, website use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding restaurants and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the franchise agreement, we will list your restaurant location on our Internet website. We reserve the right to de-list or remove your restaurant from the website if you are not in compliance with the terms of the franchise agreement. We also have the right to control all use of social media and social networking sites by you that mentions or uses the Marks. (Franchise Agreement, Paragraph 4.2.6 and Section 7.5)
12. We will periodically make changes to the products that we authorize and require you to sell at your restaurant. (Franchise Agreement, Sections 9.1 – 9.5 and 9.10)
13. We may create a gift card or other customer loyalty programs. (Franchise Agreement, Section 9.16).
14. At our discretion, negotiate purchase agreements with approved suppliers to obtain discounted prices for franchisees and other restaurants in the system. (Franchise Agreement, Section 10.10)
15. We will provide you with the minimum and maximum prices for the products and services you sell. You are required to follow all such pricing rules or guidelines, subject to legal requirements. If you believe prices at your franchise should be different from the minimum and maximum prices, and you submit a request to us, we may grant you an adjustment at our sole discretion. We will respond to your request within 14 days of our receiving it from you. (Franchise Agreement, Section 9.19)

There is no specified date or time for us to complete our obligations other than stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your restaurant.

Advertising

Grand Opening Advertising

In connection with your grand opening, you must spend a minimum of \$25,000 on local advertising and promotion during the first 30 days after your restaurant opens. This amount is separate from and in addition to the other marketing fees and requirements. We will provide you with guidance for conducting grand opening advertising, and we must review and approve the materials you use in your grand opening advertising. We have the right to require you to pay all \$25,000 to us, and if we exercise that right, we will conduct the grand opening advertising on your behalf. (Franchise Agreement, Section 8.2)

Local Advertising

We require you to spend 1.5% of your gross sales on a monthly basis on local advertising and marketing efforts through mediums approved by us (any administrative fee charged by us for advertising materials that we produce for you is not counted towards such monthly spend requirement). You may choose to spend more than 1.5% of your gross sales each month on local advertising. If so, you will have discretion of the mediums you choose to use to advertise with such amounts in excess of 1.5% of your gross sales. If your average expenditure during a 6-month period does not meet the minimum monthly requirement amount, you must pay us the difference of the amount you were required to spend and the amount you actually spent and will be contributed to the brand fund. All of your advertising, promotion, and marketing must be approved by us and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency, for review, samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within 14 days after we receive the materials from you, you must resubmit them to us. If you do not receive a written response from us within 7 days of the day you resubmit them to us, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Section 8.3)

Brand Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system, or to spend any amount on advertising in your territory, we reserve the right to (and currently do) maintain and administer a national advertising, marketing and development fund (referred to as the "brand fund") for local, regional or national marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. At our option, we can require you to pay us on a monthly basis (or other period we designate) a continuing brand fund fee. Your brand fund fee will be 2% of your monthly gross sales. The fees you pay to the brand fund are not refundable. (Franchise Agreement, Sections 6.5 and 8.4)

Your contribution to the brand fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the brand fund, but certain franchisees may contribute on a different basis depending on when they signed their franchise agreement. Our

affiliates are contributing to and plan to contribute to the brand fund on the same basis as franchisees, but our affiliates may not do so in the future. (Franchise Agreement, Section 8.4)

The brand fund will be administered by us, our affiliate, or designees, at our discretion. We may use a professional advertising agency or media buyer to assist us. The brand fund may be commingled with our operating account and may not be in a separate bank account, commercial account or savings account. (Franchise Agreement, Section 8.4)

We are responsible for administering the brand fund, but we assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the brand fund or to maintain, direct or administer the brand fund. We will direct all uses of the fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (that may include television, Internet, radio, social media, print, and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (that may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement, timing, and allocation of these programs (that may be local or regional); 4) the composition of all geographic territories and market areas for the development and implementation of these programs. (Franchise Agreement, Section 8.4)

We may use the brand fund for such things as the cost of creating, preparing, and producing print, broadcast, and internet campaigns; direct mail; sales brochures, flyers, posters, advertising delivery systems; logowear and promotional items featuring the marks; advertising surveys; public relations and sponsorship activities; creating and maintaining a website or website(s) (including social media sites or accounts) related to the franchise and an extranet for the system; employing advertising agencies, public relations firms, research firms, design firms, website/extranet design and development firms; and other approved suppliers to assist in the foregoing; labor expenses for employees to assist in the development of said advertising (including the cost of travel and related expenses to meet with the aforementioned); implementing promotions for restaurants generally in the appropriate local market area, including the cost of purchasing advertising space; sponsorships; the implementation of public relations campaigns; or other costs associated with advertising the system and the marks (Franchise Agreement, Section 8.4).

We may also reimburse ourselves, our authorized representatives or our affiliates from the brand fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, the payment of staff salaries and other expenses for those employees who may be involved in the brand fund, payment to influencers, and all other direct or indirect expenses associated with the programs funded by the brand fund. (Franchise Agreement, Section 8.4)

We do not guarantee that advertising expenditures from the brand fund will benefit you or any other franchisee directly or on a pro rata basis or equivalent or proportionate to your brand fund contributions. We will not use the brand fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "franchises available" or similar phrasing. (Franchise Agreement, Section 8.4 and Paragraph 8.4.1)

Any unused funds that were collected in any calendar year will (in our sole discretion) either be refunded or applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the brand fund on any terms we deem reasonable. (Franchise Agreement, Paragraph 8.4.3)

The brand fund is not audited. Once each year but only upon your written request (which must be at least 90 days after the end of the previous fiscal year), we will provide to you an annual accounting for the brand fund that shows how the brand fund proceeds were spent during the previous year. (Franchise Agreement, Article 8). During the last fiscal year, the brand fund fees were used in the following ways:

brand ambassadors/influencers 50%, digi+opps 27%, sponsorships/donations 3%, social media ad campaigns 20%. (Franchise Agreement, Paragraph 8.4.2)

Advertising Cooperatives

In our discretion, we may designate geographic areas for the establishment of advertising cooperatives. We have the right to require you to pay an amount we designate up to 1.5% of your gross sales to an advertising cooperative on a monthly or other periodic basis. This amount could be higher if you and the other members of the advertising cooperative vote to increase the contribution level beyond the amount we require. If your restaurant is within one of these geographic areas, you must become a member of the advertising cooperative. You need not join more than one advertising cooperative for the same restaurant. All restaurants (including restaurants owned by us or our affiliates) must become members of advertising cooperatives that we establish for the geographic region in which they own locations. (Franchise Agreement, Section 8.5)

Each advertising cooperative will be organized and governed in a form and manner that we approve, and we reserve the right to change the way that the advertising cooperatives are organized and governed in our sole discretion. We reserve the right to administer the advertising cooperative fund, or to have an advertising agency do so. We have the right to examine and copy the books, records, and accounts of the advertising cooperative and to audit the advertising cooperative. Each advertising cooperative must prepare annual financial statements and submit them to us. The statements will be made available to you for your review. (Franchise Agreement, Paragraphs 8.5.1, 8.5.3 and 8.5.4)

We require that each advertising cooperative governs from written organizing documents. As of the date of this franchise disclosure document, no advertising cooperative has been formed and no governing documents are available for you to review. No changes to the organizing documents are permitted without our advance written approval. (Franchise Agreement, Paragraph 8.5.1)

We, in our sole and absolute discretion, have the right to require any advertising cooperative to be formed, or have the governing documents changed. We also have the right to require that any advertising cooperative dissolve or merge into another advertising cooperative. (Franchise Agreement, Paragraph 8.5.1).

Advertising Council

We do not have an advertising council composed of franchisees, but we reserve the right to create one.

POS System

You must purchase and use in your restaurant a point of sale "POS" system meeting our requirements. The POS system will consist of the following: computer (central processing unit), cash register, surge protector, high speed data communication device (credit card processing and remote report generation), a kitchen display system, a receipt printer, touch screen monitor(s), database software, operating systems software, and restaurant management software. The POS System will generate reports on the sales and expenses of your restaurant and will automate certain of your administrative functions. (Franchise Agreement, Section 11.1)

We estimate that the cost of purchasing or leasing the POS system, including software and labor, will be between \$2,500 and \$5,000 for up to 5 terminals. Our supplier will also charge you a fee for using the

software; currently, the fee is approximately \$400 a month. The cost estimated above does not include software or licensing costs for the first year of your operations.

You will be responsible to upgrade or update the POS system during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms. We reserve the right to require you to upgrade or update the POS system at any time. There are no contractual limitations on the frequency and cost of this obligation, except that we will not require you to make any changes, modifications, or upgrades to the POS system that are not also made by restaurants owned by us or our affiliates. We anticipate that the annual cost of maintenance will be between \$0 and \$1,000. We are not required to reimburse you for any of these costs. We have independent, unlimited access to the information generated by the POS system. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology. (Franchise Agreement, Section 11.1, Paragraph 11.1.3)

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates for the POS system. We currently require that you purchase a maintenance, repair, upgrade or update service contract for the POS system from our third-party approved supplier(s). The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the POS system supplier. Currently, the monthly fee that you pay our approved supplier for the software includes maintenance and updates for that software. (Franchise Agreement, Section 11.1)

You are required to use the POS system to record all sales at your restaurant. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. Any and all data collected or provided by you, downloaded from your POS system, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you. (Franchise Agreement, Paragraph 11.1.3 and 11.1.4)

Loyalty Programs

You are required to participate in the loyalty, gift card, discount, memberships, subscription, and coupon programs we develop. You are not allowed to implement any sort of loyalty, coupon, membership, gift card or subscription model without our prior written permission. (Franchise Agreement, Section 9.16)

Accounting

You must use the designated accounting software designated by us, and we can require that we have independent view-only access to your account. We also reserve the right to require you to follow our accounting procedures and line items, including standardized profit and loss statement templates, balance sheet templates, and charts of account as we may designate. (Franchise Agreement, Section 12.1)

Online Ordering and Delivery

You must participate in any online ordering program for takeout or delivery program we create or adopt and cover the applicable fees for such program. You will not participate in any third party delivery platform unless approved by us. (Franchise Agreement, Sections 4.4 and 4.5)

Software

You are required to use and pay for all software as designated by us in the operation of your franchise. (Franchise Agreement, Section 11.2).

Brand Standards Manual

We will loan you one copy of the brand standards manual after you sign the franchise agreement. The purpose of the brand standards manual is to communicate to you and our other franchisees both our requirements and our suggestions for the operations of your restaurant, so that customers of the system have a uniform and quality experience across restaurant locations. The brand standards manual is not intended to mandate how you handle employment issues with your employees, except to the extent that their conduct has a direct bearing on the system or our trademarks.

We may modify the brand standards manual at any time. Our brand standards manual in electronic format and is equivalent to approximately 112 pages. The number of pages devoted to each topic is reflected in the table of contents of the manual. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the brand standards manual, as instructed by us. We disclose the table of contents to the brand standards manual as Exhibit E to this franchise disclosure document. (Franchise Agreement, Section 9.10).

Initial Training Program

Our initial training program typically lasts for approximately 4 weeks, depending on your progress and performance. We offer the program as often as necessary to accommodate our new franchisees. The classes will be held at our (or our affiliate's) restaurant in Las Vegas, Nevada, or another location we designate. We charge you a fee of \$5,000 for up to 4 persons who attend the initial training program on your behalf. The fee for additional attendees to the initial training is \$2,500 per person. You are responsible for costs associated with your attendees attending the program such as travel, lodging and meals. (Franchise Agreement, Section 10.1)

Each of your owners, your general manager, and your operating principal must complete the training program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule below. Training is mandatory for each of your owners, and your operating principal and general manager. You must not commence operation until your general manager and operating principal have completed the initial training program to our satisfaction. If your operating principal and general manager do not complete the initial training program to our reasonable satisfaction, we will give you a reasonable time to find a substitute general manager or designate a different operating principal.

If your owners do not complete the initial training program to our reasonable satisfaction, or we determine in our sole discretion that they are not qualified to operate the franchise, including passing our management test, or obtain all necessary licenses, we have the right to terminate the franchise agreement without refunding any money to you. (Franchise Agreement, Section 10.1)

The initial training program will focus on training for your owners and managerial staff. We will not train or assist in training your other employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the business. (Franchise Agreement, Paragraph 13.2.3)

The instructional materials used for all topics of training will consist of the brand standards manual and other manuals; job descriptions; specification sheets; e-learning tools; application forms; and quizzes.

We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the brand standards manual and will change from time to time.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Initial Orientation	2	0	Las Vegas, Nevada
Company Policies and Culture	2	0	Las Vegas, Nevada
Guest Interaction and Customer Service	2	12	Las Vegas, Nevada
FOH Position Overview	2	4	Las Vegas, Nevada
BOH Position Overview	2	4	Las Vegas, Nevada
Specialty Equipment Operations	4	8	Las Vegas, Nevada
POS Training	4	4	Las Vegas, Nevada
Scheduling	8	4	Las Vegas, Nevada
Product Procurement and Inventory	2	6	Las Vegas, Nevada
3rd Party Ordering	1	2	Las Vegas, Nevada
Catering Orders	2	1	Las Vegas, Nevada
Food Safety and Sanitation	8	8	Las Vegas, Nevada
Financial Management	4	10	Las Vegas, Nevada
Opening and Closing Managing Duties	2	16	Las Vegas, Nevada
Final Menu Test and Evaluation	2	1	Your restaurant
Training Team Opening Assistance	1	40	Your restaurant

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Totals	48	120	

Grand Opening Assistance

We will send you 4 to 6 of our representatives to provide assistance in preparing for your grand opening for at least 7 days before your grand opening. Additionally, at least one of these representatives will stay at your location to provide 4 to 7 days of assistance during the grand opening. The fee for this assistance is \$12,000, plus travel, food, and lodging of our representatives. The grand opening assistance fee is due 15 days before training starts, and costs of the travel, food, and lodging for of our representatives will be due within 7 days of invoicing. You must have all necessary licenses and permits, and all of your refrigeration, kitchen and cooking equipment must be functioning. You must give us notice that you are ready for this training at least 30 days in advance. (Franchise Agreement, Section 10.2)

Our Trainers

Below is a list of our trainers as of the issuance date of this franchise disclosure document. We may replace any or all of our trainers with qualified replacements. If a replacement trainer is used for training purposes, they will have adequate training and qualifications to provide all necessary training to your owners and managerial staff.

Corporate Management Trainer: Matthew Rush

Matthew Rush is our Chief Operations Officer and corporate trainer. Mr. Rush has had extensive experience in training and implementing procedures across multiple brands within the quick service restaurant space. Starting his training career for SkinnyFats, Mr. Rush led operations for 8 locations in 3 states and a team of over 300 employees under his watch. While overseeing these operations, he was able to maintain extreme consistency and customer service keeping a 4.5 star average on Yelp across all locations. Starting in November 2020, Mr. Rush began his own consulting business which specializes in assisting restaurants with franchising and procedural development. Mr. Rush has created operational manuals for some of the most successful QSR, limited service, and full service restaurants in the Las Vegas, Dallas, and Salt Lake City metroplexes. Notable mentions are: SkinnyFats, BeerZombies, 18 Bin, Me Diet Cafe, Blaze of Thunder, Fries n’Pies, Cod Speed, Candelabra, and Egg Sammie.

VP of Marketing: Mario M. Drezo

Mario Drezo is our VP of Marketing. Mario has 7 years of experience in marketing. As our VP of Marketing, Mario assists our franchisees in advertising, crafting campaigns that entice taste buds and resonate with diverse audiences.

Corporate Executive Chef: Luis Lopez Lorenzo

Luis Lopez is our Associate Director of Franchise Training. Luis began his food service career at El Dorado Cantina in 2019. He quickly worked his way up to a line lead position and then began instructing and training cooks across the 3 Las Vegas locations. In 2021, Luis continued his career as a Sous Chef at Mariposa Cocina & Cocktails where he managed a team of 40 to 50 back-of-house employees from prep quality to food presentation. Before joining HHC Luis worked at Border Grill as a Banquet/ Sous Chef.

His responsibilities involved coordinating on all stations of the line, placing orders, and training temp cooks for large banquets. Luis had a team of 50 to 200 personnel depending on banquet size.

Director of Franchise Training: Christian Alexander Thompson

Christian started in Food Service as a General Manager at Jersey Mikes in 2012. After 2 years with Jersey Mikes, Christian transitioned into Solar/Battery sales, and quickly was promoted to a senior sales lead with Tesla in 2016. At this time Christian was managing a team of 10 sales representatives tasked with training, and development of other sales agents. After Christian's time with Tesla, he moved into an operation management role overseeing 125 sales representatives, and 14 team leads with United Healthcare, a Medicare sales contract provider. This role included coaching, training, and retention, to ensure top level sales and customer experience were the highest of priorities. Christian transitioned back into the restaurant industry in June 2023 as a General Manager for Houston TX Hot Chicken Corporate in Las Vegas. In December 2023, Christian accepted the role as Director of Franchise Training to assist in the expansion of our franchise network.

Other Training

Replacement Training. Any new general managers or operating principals must attend our initial training program at a time that it is offered by us within 30 days of resignation, termination, or non-approval of your former general manager or operating principal. We also have the right, in our sole discretion, to require any other management or key personnel to attend our initial training program to our satisfaction. You must pay our fee for additional attendees to attend initial training which is \$2,500 per person and you must cover all travel, lodging, food, salaries and other expenses of your attendees. (Franchise Agreement, Paragraph 10.1.1)

Brand Standards Training. After your first 90 days of operation, if you fail to maintain a high average of aggregated customer review scores we identify in our brand standards manual for a continuous period of 30 days or more, we have the right (but not the obligation) to require you and your staff to attend up to 10 days of additional training, which will occur (at our option) either at your restaurant or at a restaurant we operate. We will charge you our then-current tuition fee as published in the brand standards manual, which is currently \$1,150 per day. You must also reimburse us for all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. You must pay for all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a restaurant other than yours. (Franchise Agreement, Section 9.12)

Additional Training. You may also request additional training, which we will provide at our option and subject to our availability. The cost for this additional requested training is currently \$1,150 per day. You must reimburse us for all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. You must pay for all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a restaurant other than yours. We reserve the right to limit additional in-person training. (Franchise Agreement, Section 10.3)

Refresher Training. We may require your owner, operating principals, or general managers to attend periodic refresher trainings courses at times and locations we designate. We may also visit your restaurant periodically to consult with you and provide advice (Franchise Agreement, Section 10.6 and 10.8)

Conference and Conventions Courses. You, your operating principal, general manager, and other previously trained and experienced management employees must attend and satisfactorily complete

various training courses that we periodically provide at the times and locations we designate. We will not require attendance at more than 2 national or regional meetings or require you to spend more than 4 days at national or regional meetings or training courses (after you complete the initial training program) per calendar year. Besides attending these courses, you must attend an annual meeting of all franchisees at a location we designate. You are responsible for all related travel and living expenses and wages. The fees for these courses range between \$750 and \$1,500 per person, and you must pay for all travel, food and living expenses of your attendees and must stay at the host facility selected by us at your expenses. (Franchise Agreement, Section 10.6)

ITEM 12

TERRITORY

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

Franchise Agreement

The franchise agreement specifies that we will not establish, nor license another party to establish, another restaurant under the HHC® trademarks within the protected area identified on Addendum 1 to your franchise agreement. This proximity protection will remain for the initial franchise term.

Your protected area will be between 1 and 5 miles, measured from the front door your restaurant, unless: (a) your restaurant is located in a densely-populated area, in which case we will have the right to grant you a protected area that is smaller than one mile; or (b) your restaurant is located at a non-traditional location, in which case you will not be given a protected area. There is no minimum area for your protected area. In determining the total population within your protected area, we generally consult the United States Census estimate, available via the Internet website located at [census.gov/quickfacts](https://www.census.gov/quickfacts).

We must approve all proposed franchise locations even if the locations are identified by us in advance. Your approved location will be included on Addendum 1 to the franchise agreement. After we approve your location, we will designate your protected area by describing it on Addendum 1. You may not conduct business at any other site other than the approved location.

You will operate your restaurant from the approved location and must receive our permission before relocating. We will charge you a relocation fee of \$10,000 in connection with our review of your relocation request. If you seek to relocate to a location that is outside of your protected area, we reserve the right not to approve any such relocation at our sole discretion.

You are not permitted to distribute advertising items (i.e., coupons, circular advertising, or other forms of advertising that we permit) outside of your protected area. Other restaurants will not be permitted to conduct permitted advertising within your protected area. You may, however, accept orders from outside your protected area for so long as you fill them only from your approved location. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to market or accept orders from outside of your protected area.

You may not use, reference or promote your restaurant in connection with social media networks or platforms without our prior written consent. We will promote your restaurant on social media networks or platforms (so long as you are in compliance with the franchise agreement). You are not permitted to have an individual website for your restaurant, but we (so long as you are in compliance with the

franchise agreement) will list your restaurant on our system website, and we may provide you the opportunity to add some content to that site.

Your protected area will not be altered during the initial term of the franchise agreement if there is a population increase or decrease. We have the right to terminate our grant, or reduce the size, of your protected area if you default under the franchise agreement for, among other things, failing to maintain our standards or failing to pay the royalty and other fees when they become due.

On renewal, acquiring a successor franchise, or transferring your franchise, your protected area may be modified. Depending on the then-current demographics of the protected area, and on our then-current standards for territories, if the protected area is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the protected area.

Minimum Sales Requirement

We also have the right to reduce your protected area (or terminate your franchise agreement) if, after the end of your first full year of operations (or any year after that), you fail to have at least \$30,000 in monthly gross sales. If you do not achieve the minimum gross sales, you will be given a notice of default and a 6-month period to cure by achieving the minimum gross sales during the following 6-month period. If you do not cure within the 6-month cure period, we have the right to terminate your franchise agreement or to reduce the size of your protected area. We also have the right to allow you to continue to operate your restaurant under the terms of the franchise agreement while we try to broker the sale of your franchise. If we broker the sale of your franchise, we are entitled to a fee equal to 10% of the sales price to compensate us for time and expenses to broker the sale of your franchise. You will also be required to pay the required transfer fee and training fee for us to train the new franchisee. If you have not sold or we have not terminated your franchise within 6 months of us giving you notice of your second consecutive default, you may cure the default by achieving the minimum gross sales average by the end of that 6-month period.

Multi-Unit Development Agreement

Under the multi-unit development agreement, we grant you the right to open and operate a minimum of 5 restaurants at locations in a specified multi-unit development agreement, subject to our approval. The development area may be comprised of one or more cities, counties, states, or some other defined area. During the term of the multi-unit development agreement, so long as you meet your development obligations in the development schedule, you will have a right of first refusal for unit development within the development area.

If we receive notice from a prospective franchisee that has interest to purchase an HHC® franchise within the development area, or we or an affiliate desire to open an HHC® unit within the development area, we will provide you with written notice of the proposed general vicinity of the proposed location. After receiving such notice, you will then have 30 days to exercise your option by signing our then-current franchise agreement for that unit. Any unit developed in the development area other than by you (and other than non-traditional locations even if developed by you) will not count towards your development obligation. If you do not exercise your option when an opportunity is presented to you, you will still have the right to develop the number of units set forth in and in accordance with the development schedule (assuming you meet your development schedule deadlines), but it is possible that you would have to look outside of your development area to open one or more units if your development area does not have room for more units.

Until the termination or expiration of the multi-unit development agreement, you will retain your territorial protections afforded under the multi-unit development agreement within the specified development area if you fully complied with your development obligations and other obligations during the term of the multi-unit development agreement.

If you fail to meet any of your obligations under the multi-unit development agreement, including the restaurant opening obligations, or commit a material breach of any agreement between you and us, we may terminate your right to further open and operate new restaurants in the development area. Absent a default of the franchise agreement, the termination of your multi-unit development agreement will not terminate your active franchise agreements. After the expiration of the term of your multi-unit development agreement, we may own, operate, franchise or license others to operate additional restaurants anywhere, without restriction, including in your development area, subject to the rights granted to you in the protected area established under any then-existing franchise agreement.

Under the multi-unit development agreement, the protections afforded to you in accordance with the multi-unit development agreement within your development area is dependent upon your compliance with your development obligations and other obligations under the multi-unit development agreement, as described above.

Limitations on Territorial Rights Under Franchise and Multi-Unit Development Agreement.

Except as stated above, we and our affiliates retain all rights in the protected area and development area for engaging in any activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

- (1) The right to establish or operate or license any other person or entity to establish other facilities, businesses, kiosks, outlets, or Internet websites under trademarks or names other than the trademarks, which are not HHC® restaurants, inside or outside of your protected area or development area. These businesses may offer services similar to those you offer at your restaurant but will not be operated under the HHC® trademarks.
- (2) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods that are identical, similar to, and/or competitive with those provided at restaurants, whether identified by the HHC® trademarks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores, grocery stores, the Internet, and electronic media) both inside and outside your protected area or development area and on any terms and conditions we deem appropriate.
- (3) The right to operate, and to grant others the right to operate, restaurants located at any non-traditional locations anywhere, regardless of whether it is inside or outside of your protected area or development area. A "non-traditional location" is a transportation facility, urban office building, supermarket, sporting facility, travel plaza, institutional feeding facility, government institution or facility, shopping mall, educational facility, casino, resort property, amusement park, military facility, and other similar locations. A non-traditional location will not count towards your development obligations.
- (4) The right to sell products and services using the trademarks to customers located within your protected area or development area, for so long as they are not sold at or provided from locations within your protected area or development area.

(5) The right to operate and to grant others the right to operate restaurants located anywhere outside your protected area or development area under any terms and conditions we deem appropriate and regardless of proximity to your protected area or development area.

(6) The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at restaurants, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your protected area or development area). We will not, however, permit any such business located within your protected area or development area to operate under our HHC® trademarks.

(7) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at restaurants, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your protected area or development area. We will not, however, permit any such business located within your protected area or development area to operate under our HHC® trademarks.

We are not required to pay you if we exercise any of the rights specified above within your protected area or development area.

Right of First Refusal

You will not have the right of first refusal to acquire additional franchises within your protected area. However, if you enter into a multi-unit development agreement, you will have the right of first refusal within your development area as described above. We do not customarily grant options, rights of first refusal or similar rights to acquire additional franchises to franchise owners outside of their respective protected areas or multi-unit territories.

Additionally, unless you enter into a multi-unit development agreement, you do not have the contractual right to open additional restaurants. The decision to grant you the right to open one or more additional restaurants will be at our sole discretion. Additionally, to be considered for approval to open one or more additional restaurants, you must not be in default of any of your then-current franchise agreements, and you must have achieved a passing A-grade score on all internal and external audits for the operation of your restaurant(s), including food handling and safety audits within the then-previous 6 months and have maintained at least a 4-star rating on our designated review platforms such as Google, Yelp, Uber Eats, etc., as well as secret shoppers. If you are granted the right to open an additional restaurant, you must sign our then-current franchise agreement for that restaurant.

Other Franchise Systems

We and our affiliates have the right to operate other restaurant concepts, but as of the date of this franchise disclosure document, neither we nor our affiliates have operated or franchised other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates develop, purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the HHC® trademarks in your protected area or development area.

ITEM 13

TRADEMARKS

Under the franchise agreement, we grant you the nonexclusive right to use our HHC® trademarks in connection with the operation of your restaurant. You may also use our other current or future trademarks to operate the restaurant. We have registered, or applied to register, the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Registration/ Serial Number	Word or Design Mark	Registry	Registration/ Filing Date	Status
7328393	HHC (word mark)	Principal	March 12, 2024	Registered
7290943	Houston TX Hot Chicken (word mark)	Supplemental	January 23, 2024	Registered
7136017	 (design mark)	Principal	August 15, 2023	Registered
97637527	 (composite mark)	Principal	October 18, 2022	Pending review by USPTO
98586623	 (composite mark)	Principal	June 5, 2024	Pending initial review by USPTO
98586625	 (composite mark)	Principal	June 5, 2024	Pending initial review by USPTO
98586619	 (composte mark)	Principal	June 5, 2024	Pending initial review by USPTO

All HHC® trademarks are owned by HHCIP, which has granted to us, under license agreement the right to use and franchise the HHC® trademarks and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States by and to operators of HHC® restaurants. The license agreement does not contain any significant limitations on our right to use or license the HHC® trademarks to you and will continue until January 1, 2057. The license will automatically renew for one year terms for up to 25 additional years. The license may be terminated for our default; however, all franchisees in good standing will be able to continue to use the HHC® trademarks through the end of their respective then-current franchise agreement term. The terms and provisions of the license agreement cannot be modified without written authorization

from both parties. Except as described above, no currently effective agreements significantly limit our rights to use or license the use of the HHC® trademarks.

Besides the pending registrations described above, there are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the HHC® trademarks. We may pursue additional trademarks to supplement or replace the trademarks identified in this Item 13.

You will have the right to use all of the HHC® trademarks in the operation of your restaurant. However, you must use the HHC® trademarks only for the operation of your restaurant and in the manner authorized by us. You cannot use the name "HHC," "Houston TX Hot Chicken," or "Houston Hot Chicken" as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. However, you must use the name HHC® as part of an assumed business name or dba ("doing business as") registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of HHC® names, derivatives, or any other trademark used by us. You may not use our trademarks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the franchise agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our trademarks. We will have sole control over any litigation or proceeding.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the trademarks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any of our trademarks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your restaurant, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the brand standards manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the franchise

agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes in the operation of your restaurant, you will grant-back exclusive rights in these improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the HHC® system, and works made-for-hire for us. To the extent that any item does not qualify as a "work-made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any improvements we made or acquired in the HHC® system, including any and all intellectual property rights of ours and affiliate or services and products of the restaurant, brand standards manual and the system for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the system. We will disclose certain of the confidential information to you during the training programs, seminars and conventions, in the brand standards manual and in guidance furnished to you during the term of the franchise agreement.

The franchise agreement provides that you will not acquire any interest in the confidential information other than the right to utilize it in the development and operation of a restaurant during the term of the franchise agreement, and that the use or duplication of the confidential information in any other business would constitute unfair competition. You also agree that the confidential information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the confidential information in any other business or capacity; (2) will maintain the absolute confidentiality of the confidential information during and after the term of the franchise agreement; (3) will not make unauthorized copies of any portion of the confidential information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the confidential information, including, restrictions on disclosure of confidential information to employees of your restaurant.

The brand standards manual will at all times remain our property exclusively. We may revise the brand standards manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the franchise agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your restaurant must at all times be under your direct, day-to-day, full-time supervision. If you are a legal entity, you must have an operating principal and general manager, approved by us. Your operating principal must hold at least 51% of the equity interests in you. Your general manager does not need to hold an equity interest in you. Your owners, operating principal, and general manager will be required to attend and successfully complete our initial training program. If your operating principal or general manager is unable to complete (or pass) our initial training program, we will require you to designate an alternative operating principal or general manager (as applicable) that must attend and pass the initial training program. Your operating principal and general manager must use his or her best efforts in the operation of your restaurant.

If you have a multi-unit development agreement and are a legal entity, you are required to designate one person as your operating principal. Your operating principal will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning the multi-unit development agreement and all of the restaurants that you develop as part of the multi-unit development agreement. Your operating principal will have the full authority to act on your behalf in regard to performing, administering or amending the multi-unit development agreement and all franchise agreements executed as a result of your exercising your rights under the multi-unit development agreement. The operating principal may be the same person as the operating principal of one of your restaurants.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns a 10% or more interest in your entity or the franchise agreement, along with their spouses, must sign our owner agreement assuming and agreeing to be personally responsible for all of the obligations of the franchise agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the franchise agreement and agree to certain restrictions on their ownership interests. The required owner agreement is attached to the franchise agreement as Addendum 2. You also must ensure that your general manager and any of your employees that have access to our trade secrets and confidential information each sign the confidentiality agreement (Exhibit I), and you must forward a copy of these signed agreements to us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only services and products that have been approved and specified by us in the brand standards manual and any updates that are incorporated in the brand standards manual from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your restaurant premises for any other purpose than the operation of a restaurant and the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the brand standards manual. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not sell products or services to customers located within another franchisee's protected area. You may not sell products or services from or at any location other than the location of your restaurant. We may (but are not required to) approve you to provide catering or delivery services. In that event, you may only provide catering or delivery services within the service area we approve. You will not receive an exclusive catering area. You will be required, at your sole cost and expense, to obtain a vehicle, insurance, catering and delivery equipment and menus, approved by us, as set forth in the brand standards manual, prior to offering catering or delivery services. You must operate your restaurant at all times while providing catering or delivery services. You must follow the policies stated in the brand standards manual while providing catering or delivery services. You may not sell or provide any product or service outside of your restaurant unless it is through approved catering or delivery services. Any income from catering or delivery services must be included in your gross sales reporting

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our online policy.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Unit Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	The franchise agreement starts on the date it is signed and ends 10 years from the date of your lease agreement for your restaurant.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire 2 additional terms of 5 years each if you meet the requirements
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not less than 90 days or more than 180 days, to renew; sign most current form of franchise agreement; each of your owners must execute a general release in the then-current form; you cannot be in default of any provision of the franchise agreement and not have committed 2 or more breaches of the franchise agreement during any 12-month period during the term; have the right to continue to occupy your approved location or move to a different location we approve; modernize your restaurant to our then-current standards; prove that you have all current licenses, insurance, and permits; have fully performed your obligations under the franchise agreement, including obligation to be current in payment of all monetary obligations to us, and; be in compliance with our then-

Provision	Section in Franchise Agreement	Summary
		current training requirements; and pay our successor agreement fee of \$5,000. If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 17.6	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. However, some states may allow you to terminate as permitted by state law.
e. Termination by franchisor without cause	Not applicable.	Not applicable
f. Termination by franchisor with cause	Section 17.1 - 17.3	We can terminate your franchise agreement, automatically or by notice to you, with or without a cure period, if you breach the franchise agreement and fail to cure (if curable).
g. "Cause" defined - curable defaults	Section 17.3	You have 30 days after notice to cure breaches relating to your: (a) failure to obtain or maintain required insurance coverage; (b) failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (c) failure to obtain and maintain any permit or license necessary for operating your restaurant; (d) owners engaging in a dispute with one another (deadlock) that materially affects the operation of your restaurant, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period; (e) failure to resolve customer complaints and/or disputes in a timely manner; (f) failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure within 30 days after we deliver to you notice of your failure to comply; or (g) failure to achieve monthly minimum gross sales of \$30,000 at your restaurant, beginning after your first full year of operations. You will have 30 days after notice to cure any breaches of the franchise agreement not listed in sections 17.1 or 17.2, or 17.3 of the franchise agreement.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined - non-curable defaults	Sections 17.1 and 17.2	Your franchise agreement will terminate automatically without your ability to cure any defaults, if you: (a) Become insolvent or make a general assignment for the benefit of creditors; (b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent; (c) Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the restaurant; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction; (d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you; (e) Have a final judgment against you in the amount of \$25,000 or more that remains unsatisfied or of record for 30 days or longer; (f) Dissolve or liquidate; (g) Have execution levied against your business or property; or (h) Have the real or personal property of your franchise business sold after levy by any sheriff, marshal, or constable, or foreclosed upon. You will not have an opportunity to cure defaults, and we are entitled to terminate the franchise agreement upon notice, if you: (i) Fail to open your restaurant on or before the date required under the franchise agreement; (j) Fail to obtain our approval of a location for your restaurant within 6 months of signing your franchise agreement; (k) Abandon your restaurant or fail to keep it open for a period of 3 consecutive days, unless it is for a reason beyond your control; (l) Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your restaurant; (m) Make an unauthorized transfer of the business; (n) Have your lease terminated; (o) Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your restaurant;

Provision	Section in Franchise Agreement	Summary
		(p) Receive from us 2 or more notices of default under the franchise agreement within a 12-month period regardless of whether you cured those defaults; (q) Submit on 2 or more occasions during the term financial information which understates your gross sales by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error; (r) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue; (s) Fail to allow or cooperate with audits or inspections; (t) Violate any covenant not to compete or relating to confidential information; (u) Interfere or attempt to interfere with our actual or prospective contractual relations with any person or company; (v) Engage in any activity that has a material adverse effect on the system or our trademarks; (w) Offer or sell any unapproved product, service or program in your restaurant or do not sell our authorized products or services; (x) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our confidential information or our trademarks; (y) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism; (z) Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period; or (aa) Fail, after the end of the first year of your franchise agreement, to achieve monthly minimum gross sales of at least \$30,000.
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination, you must cease operating as an HHC® restaurant, not compete with us, not divert customers, not use our confidential information, pay all sums due us, cease to use our trademarks, assign the lease to us at our request, cancel any fictitious name which contains our name or trademarks, turn over all brand standards manual, records, files and any materials relating to the operation of your restaurant, cancel or transfer all telephone numbers and directory listings to us, comply with all covenants, and pay us liquidated damages.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the system, the franchise agreement, or the trademarks without your consent.
k. "Transfer" by franchisee - defined	Section 15.2	Includes transfer of contract, premises of your restaurant, assets, or change of any portion of your ownership (if you are a legal entity)
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot transfer the franchise agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3	We have the right to condition our approval of any transfer proposed by you upon the following: (a) You must be in full compliance with the franchise agreement and pay all outstanding fees owed to us or our its affiliates; (b) We must have declined our right of first refusal; (c) Your transferee must complete and submit all applications required for prospective franchisees at the time of the assignment and be approved by us; (d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option); (e) You must pay us a transfer fee of \$12,500; (f) At your or your transferee's expense, upgrade, remodel, or replace the assets used by your restaurant; (g) Your transferee must have completed the initial training program to our satisfaction; (h) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns; (i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our affiliates; (j) Your transferee must assume all of your liabilities and obligations relating to your restaurant; and (k) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your franchise agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the franchise agreement at least 60 days before you intend to transfer. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your restaurant.
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the franchise agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent restaurant equipment supplier we select.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Sections 15.7 and 17.8	The estate of the deceased or incapacitated majority/controlling owner must, within 15 days from the date of death or disability, appoint a new general manager if the deceased or incapacitated person was the general manager. If that does not happen, we have the ability to exercise our step-in rights and operate your restaurant until a new general manager is appointed. The estate will have 3 months from death, disability, or incapacity to transfer your franchise to a new person approved by us.
q. Non-competition covenants during the term of the franchise	Section 16.4	You must not be in any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products that are the same as or similar to those provided by HHC® restaurants or in which our intellectual property or other confidential information could be used to the disadvantage of us, any of our affiliates, or any restaurant or franchisee (a "competitive business"), other than a franchise operated under a franchise agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	You may have no involvement in any competitive business within 15 miles of: (a) your (former) protected area; or (b) any other restaurant that is then open or in development, for a period of 3 years after your franchise agreement is terminated or expires. You must not solicit customers of your restaurant or any other HHC® restaurant for a period of 3 years. Except in the operation of a restaurant under a valid franchise agreement, you may not use our confidential information in any business or other endeavor after your franchise agreement is terminated or expires. You must completely disassociate yourself from our trademarks and return the brand standards manual and other confidential materials provided to you by us. You may not divert any business from us. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 20.3	Changes to the franchise agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.13	Only the terms of the franchise agreement are binding (subject to state law). Nothing in the franchise agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Any representations or promises outside the franchise disclosure document and franchise agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes, except as explicitly listed in the franchise agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 19.9	Subject to state law, any arbitration or litigation must be pursued in courts located in Las Vegas, Nevada. See any state-specific addendum attached in Exhibit G.
w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. Otherwise, Nevada law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the franchise agreement, subject to state law.

Multi-Unit Development Agreement

Provision	Section in Multi-Unit Development Agreement	Summary
a. Length of the franchise term	Section 4.1	The end of the last development period listed on Addendum 2, or when you sign a franchise agreement for your last restaurant necessary to fully satisfy your development obligation on Addendum 2, whichever is earlier.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	None	Not applicable
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	Article 9	We can terminate if you materially default under your multi-unit development agreement, an individual franchise agreement, or any other agreement between you and us.

Provision	Section in Multi-Unit Development Agreement	Summary
g. "Cause" defined - curable defaults	Sections 9.6 and 9.7.	In the case of a breach or default in the performance of your obligations under any franchise agreement or other agreement between you and us, the notice and cure provisions of the franchise agreement or other agreement will control or commit any default not identified in non-curable defaults and fail to cure after 30 days' notice.
h. "Cause" defined - non-curable defaults	Sections 9.1 - 9.6	Non-curable defaults include: unapproved transfers; your failure to satisfy your development obligations within the applicable development periods or pay the monthly penalty; your failure to pay any fee to us; your opening of a restaurant in your development area except as approved by us; any default of any other agreement between you and us; and any breach for unfair competition described in Article 9.
i. Franchisee's obligations on termination/non-renewal	Section 4.2	You will have no further right to develop or operate additional restaurants which are not, at the time of termination, the subject of a then-existing franchise agreement between you and us. You may continue to own and operate all restaurants under then-existing franchise agreements.
j. Assignment of contract by franchisor	Section 7.1	No restrictions on our right to assign
k. "Transfer" by franchisee - defined	Section 7.1	Includes transfer of the multi-unit development agreement or changes in ownership of the entity which owns it. If you are a business entity, shares of your entity may not be offered for sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Franchisor approval of transfer by franchisee	Section 7.1	Transfers require our prior written consent, which may be withheld for any reason whatsoever.
m. Conditions for franchisor approval of transfer	Section 7.1	(a) Before shares of a franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our parent, affiliates, officers, directors, manager(s), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them with the offering; and pay us a fee to reimburse us for our costs and expenses associated with reviewing the proposed offering, which fee is in addition to any transfer fee required under any franchise agreement; and (b) Your written request for assignment must be accompanied by an assignment fee of \$5,000 per restaurant in your development obligation that is not open on the date of your request.

Provision	Section in Multi-Unit Development Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 7.1	We may match any offer to purchase your business.
o. Franchisor's option to purchase franchisee's business	None	Not applicable
p. Death or disability of franchisee	Section 7.1	Same requirements as for a transfer in "m" above. If your interest is not transferred within 60 days following the death or legal incapacity of your majority/controlling owner, your multi-unit development agreement will be automatically terminated.
q. Non-competition covenants during the term of the franchise	Article 8.1	Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in HHC® restaurants other than a restaurant operated under a valid franchise agreement with us. If you are an entity, you may not conduct any business other than the business of the multi-unit development agreement and any franchise agreements between you and us.
r. Non-competition covenants after the franchise is terminated or expires	Article 8.1	Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in HHC® restaurants, other than a restaurant operated under a valid franchise agreement with us, for 3 years at any site within 10 miles of your development area or within 15 miles of any restaurant then existing. Except with the operation of a restaurant under a valid franchise agreement, you may not use our confidential information in any business or other endeavor after your franchise agreement is terminated or expires.
s. Modification of the agreement	Section 10.10	The multi-unit development agreement can be modified or amended only by written agreement of all the parties.
t. Integration/merger clause	Section 10.15	Only the terms of the multi-unit development agreement and any franchise agreement(s) are binding (subject to state law). Nothing in the multi-unit development agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Any representations or promises outside the franchise disclosure document, multi-unit development agreement and franchise agreement(s) may not be enforceable.

Provision	Section in Multi-Unit Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 10.14	Subject to federal and your state's law, all disputes, except as explicitly listed in the franchise agreement, must be submitted to non-binding mediation in accordance with the commercial arbitration rules of the AAA. If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 10.14	Subject to state law, any arbitration or litigation must be pursued in courts located in Las Vegas, Nevada. See any state-specific addendum attached in Exhibit G.
w. Choice of law	Section 10.14	Federal trademark law, and other federal laws govern where applicable. Otherwise, Nevada law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the franchise agreement, subject to state law.

ITEM 18

PUBLIC FIGURES

Our Founder and Chief Executive Officer, Edmond Barseghian, promotes our franchise and is a public figure. We currently pay Mr. Barseghian an annual influencer fee of \$150,000. Mr. Barseghian is actively involved in our management and control. Mr. Barseghian invested approximately \$5,000,000 in our parent and affiliated entities, and he contributes an amount that we have not valued in services performed and to be performed.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Edmond Barseghian, at HHC Franchising, LLC, 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103, phone (818) 400-1312, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20**OUTLETS AND FRANCHISEE INFORMATION**TABLE NO. 1.**Systemwide Outlet Summary for Years 2021 through 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	1	+1
	2023	1	7	+6
Company-Owned	2021	0	0	+0
	2022	0	4	+4
	2023	4	6	+2
Total Outlets	2021	0	0	+0
	2022	0	5	+5
	2023	5	13	+8

TABLE NO. 2**Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2021 through 2023**

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

TABLE NO. 3**Status of Franchised Outlets for Years 2021 through 2023**

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
Arizona	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	1	0	0
	2023	0	0	0	0	0	0	0
California	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	1	0	0	0	2
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Michigan	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Utah	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Washington	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	1	0	1
	2023	1	7	1	0	0	0	7

TABLE NO. 4

Status of Company-Owned Outlets for 2021 through 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0
	2022	0	3	0	0	0	3
	2023	3	2	0	0	0	5
Totals	2021	0	0	0	0	0	0
	2022	0	3	1	0	0	4
	2023	4	2	0	0	0	6

TABLE NO. 5

Projected Openings for 2024 as of December 31, 2023

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	0	2
California	1	2	0
Idaho	0	1	0
Michigan	1	3	0
Nevada	0	0	2
Texas	0	2	0
Utah	1	5	0
Virginia	1	0	0
Washington	1	2	0
Totals	5	15	4

List of Franchisees

A list of our current franchisees as of the end of our fiscal year on December 31, 2023 is attached to this disclosure document as "Exhibit J-1." Exhibit "J-1" also contains a list of franchisees who have had an outlet 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 issuance date.

Franchisee Organizations

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit D are our audited financials for the year ending on December 31, 2023 and for the year ending December 31, 2022. Also attached to this FDD as Exhibit D-1 are unaudited financial statements for the period ended April 16, 2024. Our fiscal year starting in 2024 consists of 13 four-week periods. Accordingly, the fiscal year end is generally close to December 31 each year. We have not been franchising for 3 years or more and cannot provide all financial statements as required by this Item.

ITEM 22

CONTRACTS

We have attached the following contracts: as Exhibit "B," the Franchise Agreement and its Exhibits; as Exhibit "C," the Multi-Unit Development Agreement; as Exhibit "F," the Form Release Agreement; as Exhibit "H," the Compliance Questionnaire; and as Exhibit "I," the Confidentiality and Non-Compete Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops.

ITEM 23

RECEIPTS

The last 2 pages of this disclosure document contain a receipt, in duplicate, as Exhibit K. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Edmond Barseghian at HHC Franchising, LLC, 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103, or by emailing it to edmond@hhc.ooo

HHC Franchising, LLC

EXHIBIT A

**List of State Administrators
and Agents for Service of Process**

EXHIBIT A
LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND
STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	California Commissioner of Financial Protection and Innovation: Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 (866) 275-2677 www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov <u>Sacramento:</u> 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 <u>San Diego:</u> 1455 Frazee Road, Suite 315 San Diego, CA 92105 (619) 525-4233 <u>San Francisco:</u> One Sansome Street, Suite 600 San Francisco, CA 94101 (415) 972-8559 <u>Los Angeles:</u> 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677
Connecticut	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
Florida	Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs P.O. Box 6700 Tallahassee, FL 32314-6700	Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs P.O. Box 6700 Tallahassee, FL 32314-6700 (805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Secretary of State of Georgia

State	Agents for Service of Process	Administrators
	Corporations Division 2 Martin Luther King Jr. Drive SE, Ste 315 West Tower Atlanta, GA 30334	Corporations Division 2 Martin Luther King Jr. Drive SE, Ste 315 West Tower Atlanta, GA 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	Business Registration Division Commissioner of Securities Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, HI 96810 (808)-586-2744
Illinois	Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4436
Indiana	Indiana Secretary of State 201 State House Indianapolis, IN 46204	Franchise Section Indiana Securities Division Secretary of State 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 287-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House - Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Division of Securities Office of Attorney General 200 Saint Paul Place, 20 th Floor Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place, 20 th Floor Baltimore, MD 21202-2020 (410) 576-6360
Michigan	Antitrust and Franchise Business Michigan Department of the Attorney General's Office	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section

State	Agents for Service of Process	Administrators
	Franchise Administrator Consumer Protection Division 6546 Mercantile Way Lansing, MI 48909 (517) 373-7117	525 West Ottawa Street Williams Building, 6 th Floor Lansing, MI 48933 (517) 373-7117
Minnesota	Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce Securities – Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	[Not applicable]	Bureau of Securities Financial Institutions Division Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508-2732 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	Secretary of State 99 Washington Ave. Albany, NY 12231 (518) 473-2492	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Fax: (212) 416-6042
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	Securities Commissioner 600 East Boulevard Ave. Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Franchise Examiner North Dakota Securities Department 600 East Boulevard Ave. State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Insurance and Finance Business Service Division of Finance and Corporate Securities Labor and Industries Building	Division of Finance and Corporate Securities Department of Consumer and Business Services

State	Agents for Service of Process	Administrators
	Salem, OR 97310 (503) 378-4387	Labor and Industries Building Salem, OR 97310 (503) 378-4140 Fax: (503) 947-7862
Rhode Island	Chief Securities Examiner of Business Regulation Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 462-9527	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, Rhode Island 02920-4407 (401) 462-9527
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid Ave., 2 nd Floor Pierre, SD 57501-3185 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, 2 nd Floor Pierre, SD 57501-3185 (605) 773-3563 Fax: (605) 773-5953
Texas	[Not applicable]	Secretary of State Registration Division P.O. Box 13193 Austin, TX 78711 3193 Brazos Austin, TX 78711-3193 (512) 475-1769
Utah	[Not applicable]	Division of Consumer Protection Utah Department of Commerce 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704 (801) 530-6601 Fax: (801) 530-6001
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051
Washington	Director of Financial Institutions P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760

State	Agents for Service of Process	Administrators
Wisconsin	Commissioner of Securities Franchise Investment Division 101 East Wilson Street, Fourth Floor Madison, WI 53702	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 (608) 266-2801
Federal Trade Commission		Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 th Street NW Washington, DC 20580 (202) 326-3128

HHC Franchising, LLC

EXHIBIT B

Franchise Agreement



FRANCHISE AGREEMENT BETWEEN

**HHC Franchising, LLC
4305 Dean Martin Drive, Suite 185
Las Vegas, NV, 89103
and**

TABLE OF CONTENTS

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS	3
2. GRANT OF FRANCHISE	5
3. LOCATING, CONSTRUCTING AND EQUIPPING YOUR RESTAURANT	6
4. PROTECTED AREA.....	7
5. TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE	9
6. PAYMENTS	10
7. TRADEMARK STANDARD AND USE REQUIREMENTS	12
8. ADVERTISING	14
9. OPERATING YOUR RESTAURANT	17
10. OPERATIONAL ASSISTANCE BY US	23
11. USE OF TECHNOLOGY	25
12. AUDITS; INSPECTIONS	26
13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES	28
14. INDEMNIFICATION; INSURANCE	30
15. ASSIGNMENT	33
16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION	35
17. DEFAULT; TERMINATION	37
18. POST TERMINATION OBLIGATIONS.....	41
19. GOVERNING LAW; DISPUTE RESOLUTION.....	43
20. GENERAL PROVISIONS.....	46

APPENDIX

Glossary of Terms

ADDENDA

1. Information Regarding You and Your Restaurant; Protected Area
2. Owner Agreement
3. Electronic Funds Transfer Authorization
4. Collateral Assignment of Lease
5. Addendum to Lease
6. Franchise Relationship Acknowledgement
7. Digital, Social Media, and Listings Authorization for Assignment

FRANCHISE AGREEMENT

This franchise agreement is entered into on the Effective Date between HHC Franchising, LLC, a limited liability company organized under the laws of Nevada ("**we**," "**us**," or "**our**"), and the person or legal entity identified in **Addendum 1** to this Agreement ("**you**" or "**your**").

Introduction: This Franchise Agreement

This franchise agreement ("**Agreement**") is written in a conversational tone to make it easier to read. In the context of the Agreement, HHC Franchising, LLC is referred to as "**we**," "**us**," or "**us**." When we refer to things we own or obligations we have, we use the word "**our**." The person, persons, or legal entity that sign this Agreement are collectively referred to as "**you**," and the obligations you have or the things you own are referred to as "**your**." When we refer to "**you**" or "**your**," we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners has to us. To further bind you and your Owners, we require each and every one of your Owners who own 10% or more of your equity, stock, membership, or partnership interests (and their spouses) to sign the Owner Agreement, which is attached as **Addendum 2** to this Agreement.

In the Agreement, we sometimes capitalize the words we use. These are called "defined terms," and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in the **Appendix**, we have Included a Glossary of Terms to help you easily locate the definition of a defined term.

RECITALS

- A. We own a System for the establishment and operation of Restaurants;
- B. We have the right to license the Marks and the System in connection with the operation of Restaurants; and
- C. You want to obtain the rights to use the Marks and want to be assisted, trained, and licensed by us, as our franchisee, to use the System and the Marks in the operation of your Restaurant, and we are willing to grant you such rights under the terms and conditions of this Agreement.

You and we therefore agree as follows:

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS

You understand, represent to us, certify, and agree to the following:

1.1. **System Modifications.** We reserve the right to modify any aspect or element of the Trade Dress and/or the System. This Include our right to: (1) modify, change or abandon the strategy on which Restaurants are currently based; (2) add or change the standards for customer service and products; and (3) require the use of new or different equipment, Trade Dress, or Marks. We will communicate these changes to you through the Brand Standards Manual. You must take prompt action to make any such addition, subtraction, revision, modification or change to your Restaurant, and make reasonable expenditures as may be necessary to comply.

1.2. **System Variations.** Because complete uniformity under various market circumstances may not always be possible or desirable, we, in our discretion, reserve the absolute and exclusive right to vary the standards for any Restaurant based upon the customs or circumstances of a particular market area, density of population, existing business practices or any condition that we deem to be of importance to

the operation of such franchisee's Restaurant. Our contracts with other franchisees may contain provisions that are materially different from this Agreement.

1.3. Accuracy of Information. You have ensured that all information you have given us in connection with your application for this franchise was complete and accurate when you gave it to us. You represent to us that there have been no material changes in that information or other changes in material circumstances between the time you submitted the information to us and the Effective Date.

1.4. Permits, Licenses, and Legal Requirements. You understand that restaurants are highly regulated businesses and that you will be required, under applicable Legal Requirements, to secure licenses and permission from the appropriate government authorities to operate your Restaurant. It is your responsibility to familiarize yourself with all applicable Legal Requirements, and we have made no representations as to the nature of such Legal Requirements or your ability to qualify or comply with them.

1.5. Your Ownership. If you are a Business Entity, you represent that:

1.5.1. Each and every person who is an Owner of 10% or more of your equity, stock, membership, or partnership interests and their spouses have signed the Owner Agreement, attached as **Addendum 2**.

1.5.2. You are duly organized and validly existing under the laws of the state of your organization, and you are duly qualified to transact business in the state in which your Restaurant is located.

1.5.3. You have the authority to execute and deliver this Agreement and all related agreements and to perform your obligations under all such agreements.

1.5.4. Your organizing documents state that your activities are restricted to those necessary solely for the development, ownership and operation of a Restaurant in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates.

1.5.5. The articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interests are restricted by the terms of this Agreement.

1.5.6. All certificates representing direct or indirect legal or beneficial ownership interests in you, now or later issued, do or will bear a legend that conforms with the Legal Requirements reciting or referring to such restrictions.

If you are an individual or sole proprietorship but later become a Business Entity, you must ensure that you comply with, and that your organizing documents are consistent with, each one of the above requirements and representations. You will also be required to sign our then-current form of assignment and assumption agreement for your Business Entity to become the franchisee.

1.6. Disclosure of Ownership Interests. You and, if you are a Business Entity, each of your Owners represents, warrants and agrees that the statements in **Addendum 1** are current, complete and accurate. You agree that updates or changes to **Addendum 1** will be furnished promptly to us, so that it (as revised and signed by you) is at all times current, complete and accurate.

1.7. Payments You Make to Us. You acknowledge that the fees you pay us are not for any specific level of service or support from us, and that our obligations to you are solely those that are stated in this

Agreement or in the Brand Standards Manual.

1.8. Anti-Terrorism Laws. Neither you, nor your Owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>.) You agree not to hire or have any dealings with any person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your Owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with and/or fully assist us in our efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities in this Agreement pertain to your obligations under this Section.

1.9. Defined Terms. Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**.

2. **GRANT OF FRANCHISE**

2.1. Grant of Franchise. Subject to the terms and conditions of this Agreement, we grant you the right to operate one Restaurant only at the Approved Location, and only within the Protected Area, identified in **Addendum 1**. You agree to equip and operate, under the terms of this Agreement and the Brand Standards Manual, a single Restaurant operating under the System offering specific Authorized Products and Authorized Services as specified by us, only under the Marks and only from the Approved Location.

2.2. Restrictions on License. You do not have the right to grant franchises or sub-licenses of any kind to any other party, nor do you have the right to operate more than one Restaurant within the Protected Area, unless otherwise provided by separate agreement. You will not allow any part of your Restaurant to be used for any purpose other than that explicitly granted to you by this Agreement or identified in the Brand Standards Manual. You do not have the right to establish any e-commerce business, distribute, market or implement any element of our System in any distribution channel other than at your Approved Location, without our prior written approval. You will not conduct any business at your Restaurant (Including jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, and cigarette, gum, candy, or other vending machines) or within the Protected Area, other than as authorized under this Agreement, without our prior written approval.

2.3. Alcoholic Beverages. We can require you to serve beer, wine, or other alcohol at your Restaurant. Otherwise, your ability to serve alcoholic beverages at the Restaurant is subject to our written approval. You acknowledge that in order to protect the goodwill of the System, Marks, and Restaurants, your ability to sell and serve alcoholic beverages may be strictly controlled, and you will be required to obtain the necessary alcohol-related licenses and permits as well as liquor liability insurance. You understand and agree that we can require or permit a Restaurant to serve alcohol on a case-by-case basis.

2.4. No Automatic Rights for Further Development. Unless you enter into a separate multi-unit development agreement, you do not have the contractual right to open additional Restaurants. The decision to grant you the right to open one or more additional Restaurants will be at our sole discretion. Additionally, to be considered for approval to open an additional Restaurant, you must not be in default of this Agreement or any other franchise agreements, and you must have achieved a passing A-grade score on all internal and external audits for the operation of your Restaurant(s), including food handling

and safety audits within the then-previous six months and have maintained at least a 4-star rating on our designated review platforms as well as secret shoppers. If you are granted the right to open an additional Restaurant, you must sign our then-current franchise agreement for that Restaurant.

3. **LOCATING, CONSTRUCTING AND EQUIPPING YOUR RESTAURANT**

3.1. Approved Location and Relocation. Your Restaurant will be located at the Approved Location listed on **Addendum 1**. If no Approved Location has been inserted in the blank space provided in **Addendum 1** at the time you and we execute this Agreement, it will be inserted when determined as outlined in Section 3.2 below. You may not relocate your Restaurant without our prior written consent. If you wish to relocate, you must submit a written request to us along with a relocation fee of \$10,000. We will not unreasonably withhold our approval of your relocation request, but we will not approve any such request if the proposed new location is outside of your Protected Area.

3.2. Site Selection. You agree that you are responsible for selecting the site for the Approved Location. You are responsible for independently investigating the demographic characteristics, competition, and market for the services that you will provide through your Restaurant in the market area where you intend to operate. We will, however, provide you with guidance and our standards for site selection. We will approve or disapprove your site within 30 days after we receive from you notice of the site's proposed location. You must obtain our approval before you commit to a site. You must have an Approved Location no later than six months after the Effective Date.

3.2.1. You must seek our approval by advising us in writing of the street address and location for the proposed Restaurant, and by providing us with a copy of any demographic information that you possess on the proposed location as we require, in the form we prescribe. Within 15 days after we receive the demographic information from you, we will approve or disapprove of the proposed site. If you and we do not agree on the site for your Restaurant, you must attempt to locate another acceptable site. We reserve the right to approve or disapprove any site location you propose based upon our review of the site.

3.2.2. WE DO NOT REPRESENT THAT WE, OR ANY OF OUR AFFILIATES, OWNERS, EMPLOYEES, DESIGNATED CONSULTANTS OR AGENTS, HAVE ANY SPECIAL EXPERTISE IN SELECTING RESTAURANT SITES. NEITHER OUR ASSISTANCE NOR APPROVAL IS INTENDED TO INDICATE, OR INDICATES, THAT YOUR RESTAURANT WILL BE PROFITABLE OR SUCCESSFUL AT THE APPROVED LOCATION. YOU ARE SOLELY RESPONSIBLE FOR IDENTIFYING THE APPROVED LOCATION.

3.3. Our Approval of the Lease. You must obtain our prior written approval of any lease for the Approved Location by submitting to us a copy of the proposed lease. You must submit a copy of the proposed lease to us after we accept your Approved Location. The scope of our review is limited to adherence to our requirements and does not include a review of the underlying terms of the lease. We do, however, reserve the right to object to any provision of the lease that we believe may impact the viability of the franchised location. We will accept or reject the proposed lease as soon as practicable, but in no event longer than 15 business days after we receive it from you. You must not enter into any lease for the Approved Location unless you have received our prior written acceptance. When executing the lease (and regardless of whether we have accepted the lease), you must not agree to any lease terms that would create (or purport to create) any obligations on our behalf, nor may you grant (or purport to grant) to your landlord any rights against us, or agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement. You must deliver to us a fully executed copy of the final, approved lease promptly after it is fully executed. OUR REVIEW OF A LEASE, OR ANY ADVICE OR RECOMMENDATION OFFERED BY US, WILL NOT CONSTITUTE A REPRESENTATION OR GUARANTEE THAT YOU WILL SUCCEED AT THE APPROVED LOCATION, NOR WILL IT CONSTITUTE ANY EXPRESSION OF OUR OPINION REGARDING THE TERMS OF THE LEASE. You must sign a lease we

have approved for a location we have approved no later than eight months after the Effective Date.

3.4. Required Lease Terms. You must execute a "Collateral Assignment of Lease," in the form found in **Addendum 4**, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. In addition, the lease must, unless we otherwise consent in writing, be modified by the Addendum to the Lease, attached as **Addendum 5**.

3.5. Obtain Our Approval of Your Plans. You must submit to us for approval all construction plans, specifications, and any proposed deviations for any construction and any remodeling of your Restaurant. We will approve or disapprove such plans within 30 days of the date you submit them to us. Our approval of construction plans and specifications is not a warranty of their appropriateness and means only that they comply with our minimum specifications. You must construct your Restaurant consistent with the plans we approve.

3.6. Developing Your Restaurant. We will communicate with you and the Approved Suppliers for the initial design and construction of your Restaurant regarding our standards and specifications for the design, layout, appearance and equipment in your Restaurant. You, however, are solely responsible for all aspects of developing and constructing your Restaurant. This means that you must, at your own expense: (a) secure all financing to develop and operate your Restaurant and acquire and maintain adequate capital reserves; (b) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (c) obtain all required permits and licenses; (d) purchase insurance for your Restaurant; (e) obtain all building inspections, approvals, occupancy and/or construction permits; and (f) engage a licensed architect and licensed contractor(s) or construction manager to construct, remodel, renovate, and/or equip all improvements to your Restaurant and decorate it according to the plans and specifications that we approve, and in accordance with the requirements of your lease, and communicate with us about your chosen architects, contractors, or managers.

3.7. Commencement Deadline. You agree that all construction or remodeling will be completed, and that your Restaurant will be open and operating, no later than 12 months after the Effective Date (the "**Commencement Deadline**"), unless we otherwise agree in writing. If you fail to open your Restaurant on or before the Commencement Deadline or fail to meet of the deadlines identified in this Article, or if we cannot agree on a proposed site, (as extended, if applicable, by your payment of the Delayed Opening Fee stated in Section 6.2), we will have the right to terminate the Agreement without refunding any fees that you have paid to us. **You must obtain our written approval before opening your Restaurant, and you must notify us of your anticipated opening date at least 60 days in advance of that date.** We will not approve your opening unless: 1) your Owners, General Manager, and Operating Principal have completed the Initial Training Program to our satisfaction; 2) you have obtained all required licenses; and 3) you are in full compliance with this Agreement.

4. **PROTECTED AREA**

4.1. Protected Area. Subject to the terms and conditions of this Agreement (Including Section 4.2) and provided you are not in material default of this Agreement and/or any other agreement between us (or any of our Affiliates), which default remains uncured after the expiration of an applicable cure period (if any), we will not during the Term operate, nor permit any third party to operate, a Restaurant under the Marks within the Protected Area.

4.1.1. If your Approved Location has not been identified as of the Effective Date, it will be identified, and entered on **Addendum 1**, at the time you obtain our approval of it. You and we will describe your *anticipated* location in general terms in the "**Search Area**" in Section C of **Addendum 1**. Your and our listing of the Search Area does not give you any rights of exclusivity

in the Search Area. We may sell other Restaurants in the Search Area, so long as it is not within the Protected Area.

4.1.2. After we have approved a location for your Restaurant, we will enter it in Section D of **Addendum 1**. The Protected Area is dependent on the location of your Restaurant.

4.1.3. If your Approved Location is a Non-Traditional Location, you will not have any Protected Area.

4.2. Exclusions from Protected Area; No Other Protection. You acknowledge that, other than the limited exclusivity we grant you in Section 4.1, **we and our Affiliates retain all other rights within your Protected Area** (if we grant one to you). For example, these rights include the rights to:

4.2.1. Use, and to franchise or license other persons to use, the Marks and System for the operation of Restaurants or any other businesses that are similar or dissimilar to your Restaurant at any location outside of the Protected Area.

4.2.2. Use, franchise and license other third parties to use, the Marks and System for the operation of Restaurants at any Non-Traditional Location, even if it or they are inside of the Protected Area.

4.2.3. Sell Authorized Products or provide Authorized Services to customers located within your Protected Area, for so long as they are not sold at or provided from Restaurant locations within your Protected Area.

4.2.4. Use, license and franchise the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Protected Area, in association with operations that are similar to, the same as, or different from Restaurants.

4.2.5. Offer or sell Authorized Products and Services, or grant others the right to offer and sell Authorized Products and Services, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Protected Area.

4.2.6. Maintain any websites or Social Media sites utilizing domain names or identifiers incorporating the Marks or derivatives of them. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

4.2.7. Advertise permit other franchisees to Advertise other Restaurants operated under the System and the Marks within your Protected Area.

4.2.8. Acquire, merge, combine with, or be acquired by businesses that are the same as or similar to your Restaurant and operate such businesses regardless of where such businesses are located, including inside the Protected Area, and to be acquired by any third party which operates businesses that are the same as, or similar to, your Restaurant, regardless of where such businesses are located, including inside the Protected Area. We will not, however, re-brand any such businesses located inside the Protected Area by allowing them to use the Marks.

4.3. Limitations on Operating Outside of Your Protected Area. You may not Advertise in, or solicit

orders from areas outside of the Protected Area except under the circumstances stated in Section 4.4. You may, however, fill orders for customers that are located anywhere so long as you do so only from the Approved Location. You may not use telemarketing or internet-based Advertising of any services or products except as permitted in writing by us in the Brand Standards Manual or otherwise.

4.4. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our written approval, which we will not unreasonably withhold, so long as you hold any necessary licenses or permits for such services. If we approve your request to offer catering and delivery services, we will designate an area (the “**Service Area**”) in which you may offer them. We have the right to reduce the Service Area in our discretion, but it will not be smaller than the Protected Area. You will not have any rights of exclusivity in the Service Area. You will be required, at your sole cost and expense, to obtain a vehicle, insurance, catering and delivery equipment and menus, approved by us, as set forth in the Brand Standards Manual, prior to offering catering or delivery services. You must operate your Restaurant at all times while providing catering or delivery services. You must follow the policies stated in the Brand Standards Manual while providing catering or delivery services. You may not sell or provide any product or service outside of your Restaurant unless it is through approved catering or delivery services. Any income from catering or delivery services must be Included in your Gross Sales reporting.

4.5 Third Party Delivery. You must participate in any third party delivery program designated by us. You will not participate in any third party delivery platform unless approved by us. You must use all required software or other equipment required by us or any such third party necessary to provide the services as designated and as may be updated, supplemented or changed. You shall also provide us with any login information necessary to access any third-party delivery provider accounts, and you agree that we will have unrestricted access to review the information in such accounts at any time. Any such software or equipment must be purchased by you at your cost. You understand and acknowledge that any third party providers may also charge fees or commissions for their services, and you shall pay all such costs or fees.

5. **TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE**

5.1. Term. The term of this Agreement (the “**Term**”) commences on the Effective Date, and, unless sooner terminated in accordance with Article 17, will expire on the tenth (10th) anniversary of the date of the lease for your Restaurant (the “**Commencement Date**”).

5.2. Right to Acquire Successor Franchise. If we are still offering franchises in the area where your Restaurant is located, then after the expiration of the initial Term, you may, at your option, acquire a successor franchise for two (2) additional terms of five (5) years each, unless you are signing this Agreement under a successor franchise agreement for an existing Restaurant, in which case your successor term will be amended to be consistent with this Section 5.2. To qualify for a successor franchise, we have the right to insist on your fulfillment of any or all of the following conditions:

5.2.1. You must give us written notice of your election to acquire a successor franchise not less than 90 days nor more than 180 days prior to the end of the Term.

5.2.2. You must execute our then-current standard form of franchise agreement (the “**Successor Franchise Agreement**”), which may, in our sole discretion, Include substantially different terms than those contained in this Agreement, Including higher, additional, or different fees (Including a higher Royalty Fee) and a smaller Protected Area, but you will not have to pay a new initial franchise fee.

5.2.3. You and each of your Owners must have executed a general release, in our then-current form (the current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our Affiliates and their respective officers, directors, shareholders,

managers, members, agents and employees in their corporate and individual capacities, Including claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release you give us will not be inconsistent with any state law regulating franchising.

5.2.4. You are not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between you and us or our Affiliates, and you have not committed and received notice of two or more breaches of this Agreement during any 12-month period during the Term, even if such breaches were timely remedied.

5.2.5. You must have the right to continue to occupy the Approved Location or obtain our approval to relocate your Restaurant to a different location that we have approved.

5.2.6. You must make or provide for, in a manner satisfactory to us, such changes as may be necessary to bring your Restaurant up to our current standards, Including installation of new equipment and software and the remodeling and/or renovation of your Restaurant and décor to reflect the then-current standards and image of the System.

5.2.7. You must provide proof that you have all current licenses, insurance, and permits in compliance with Legal Requirements for you to continue operating your Restaurant.

5.2.8. You must be compliant with our then-current qualification and training requirements.

5.2.9. You must pay us a successor franchise fee of \$5,000.

5.3. Interim Term. If you do not sign the Successor Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after it expires, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("**Interim Term**") until one party provides the other with written notice of such party's intent to terminate the Interim Term, in which case the Interim Term will terminate 30 days after the date of the notice to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Term. In this Agreement, all references to the Term will Include any Interim Term.

6. **PAYMENTS**

6.1. Initial Franchise Fee. In consideration of the parties' promises and covenants to one another, you must pay us a non-refundable, lump-sum initial franchise fee of \$50,000 upon execution of this Agreement ("**Initial Franchise Fee**"). We will credit towards the Initial Franchise Fee the prorated portion of any multi-unit rights fee that you have paid us under a multi-unit development agreement.

6.2. Delayed Opening Fee. In the event you do not open and begin operating your Restaurant on or before the Commencement Deadline, and subject to our prior written approval, you must pay us a fee of \$7,500 for each month you wish to extend the Commencement Deadline, for up to three months ("**Delayed Opening Fee**").

6.3. Royalty Fee. You must pay us, on or before the Payment Date, a continuing royalty fee ("**Royalty Fee**") equal to 7% of your Gross Sales that you earned during the prior Reporting Period just-ended. If this Agreement is signed in partial fulfillment of your development obligation under a multi-unit development agreement with us, your Royalty Fee is equal to 5% of your Gross Sales that you earned during the prior Reporting Period just-ended.

6.4. Additional Royalty for Alcoholic Beverage Sales. If a state or local law in which the Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect the Royalty Fee or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then we and you shall increase the percentage rate for calculating the Royalty Fee, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fee to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were Included in Gross Sales.

6.5. Brand Fund Fee. You must pay us a continuing monthly advertising fund fee, on or before the Payment Date, of 2% of your Gross Sales ("**Brand Fund Fee**") that you earned during the prior Reporting Period just ended. We will deposit the Brand Fund Fee into a fund that we maintain ("**Brand Fund**").

6.6. Time and Manner of Payments. You must pay royalties and Brand Fund Fees to us weekly on the date designated by us. We reserve the right to change the frequency of payments to us, Including charging these amounts daily. With the exception of the Initial Franchise Fee, we may require you to make all payments owed under this Agreement by means of electronic funds transfer ("**EFT**"), or such other manner that we designate from time-to-time. You must ensure that each Royalty and Brand Fund Fee payment is, without exception, accompanied by a statement of your Gross Sales during the just-ended Reporting Period on a form approved by us, which form may be electronic.

6.6.1. We must receive from you all fees due for each Reporting Period on or before the applicable Payment Date.

6.6.2. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, Including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method, and to execute our "EFT Authorization Agreement," which is attached to this Agreement as **Addendum 3**. Under this procedure, you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due on those amounts. You must make funds available to us for withdrawal by electronic transfer no later than the Payment Date.

6.6.3. If funds in your account are insufficient to cover the amounts payable at the time we make our funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies we have.

6.6.4. If you have not timely reported your Gross Sales to us for any Reporting Period, then we will have the right to debit your account, at our option, in an amount equal to either: (a) 120% of the fees transferred from your account for the last Reporting Period for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the POS System. We will credit you with any overage that we charge.

6.7. Application of Funds; Withholding of Payments. If you become delinquent in the payment of any monetary obligation to us, we will have the absolute right to apply any payments received from you to any obligation owed, whether under this Agreement, or under any other agreement, between you and us, notwithstanding any other designation by you as to application. You agree that you will never withhold payment of any amount due to us or our Affiliates for any reason at any time, Including: (a) your claim that we have not performed any one of our obligations under this Agreement; or (b) any other claim against us or dispute with us of any kind or nature.

6.8. Late Reports and Payments. If we do not timely receive any fee or any other amount due under

this Agreement on or before the applicable due date, or if your account has insufficient funds or if any check or other payment bounces, or if we do not receive a report that you are required to give us on or before the date that it is due, you will pay us a late fee equal to \$500, plus the lesser of the: (a) daily equivalent of 1.5% per month simple interest of any overdue amount; or (b) highest rate then permitted by applicable law, for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments.

6.9. Reimbursement of our Costs of Collection. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with this Agreement, you must reimburse us for all costs and expenses of enforcement and collection, Including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. These amounts must be paid to us by you within five days after you cure the default, or upon demand by us if your default is not cured.

6.10. Taxes; Payments to Others. All payment obligations pertaining to your Restaurant, Including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely your obligations and not ours. We will not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other taxes levied against you or your assets, or against us, in connection with your Restaurant, or any payments you make to us under this Agreement or any other agreement. You must reimburse us for any gross receipts, sales, use or other tax assessed by any taxing authority in the state where your Restaurant is located, on any fees or other amounts payable by you to us under this Agreement. We will not be liable or responsible for your compliance (or failure to comply) with any and all Legal Requirements.

7. **TRADEMARK STANDARD AND USE REQUIREMENTS**

7.1. Ownership. You agree that the Marks, Intellectual Property, and System are our (or our Affiliate(s)) exclusive property, and that you will never assert any claim to any goodwill, reputation or ownership relating to or associated with the Marks or Intellectual Property. You also recognize that all goodwill relating to your use of the Marks belongs solely to us, and not to you, and that after this Agreement expires, is terminated, or Transferred, you will have no right to any such goodwill. You will never engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. You will not contest or assist any other party to contest our rights in any of the Marks or the goodwill associated with the Marks. You will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. You agree to provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all rights, title and interest in and to the Marks, Including all items we reasonably request to assist us in registering, maintaining and enforcing our rights in the Marks. You acknowledge that we will suffer irreparable damage and will have no adequate remedy at law because of your unauthorized or infringing use of the Marks, and you agree that we will have the right to seek injunctive relief in a court of competent jurisdiction if you use the Marks in an unauthorized or infringing manner. You agree to comply with all our requirements when you use the Marks, and that you will never engage in any activity that we determine to be harmful to the reputation of us, the Marks, the System, or Restaurants generally.

7.2. Changes. We, from time to time in our discretion, may modify all or any part of the Marks. We may require you to use one or more additional or substitute Marks. You will have no rights or claim of damages, offset, or right to terminate this Agreement because of any such modification and we will not have any liability or obligation to you with respect to your required modification or discontinuance of any Marks. Within 60 days of receiving notice of such modifications, you must cease using the former Marks and commence using the modified Marks at your sole cost and expense.

7.3. Permitted Use. Your right to use: the Marks; any proprietary software; other materials in which we claim a copyright, trademark, or other right to exclusive use; the Trade Dress; trade secrets; Confidential Information; and other Intellectual Property as granted in this Agreement, is limited to your use of those materials, items, or Intellectual Property in connection with your operation of your Restaurant, and otherwise as described in this Agreement and as authorized in the Brand Standards Manual, or as we may prescribe in writing from time to time.

7.3.1. You may use only the Marks to identify and distinguish the services offered by you. You cannot use Intellectual Property for any service or product that is not specifically authorized in the Agreement or Brand Standards Manual without our express written consent. You must comply with all of our trademark, trade name and service mark notice marking requirements, including affixing "SM," "TM," or "®," adjacent to all Marks in any and all uses of the Marks. We, in Our sole discretion, will determine which of the HHC Marks will be used in Your signage to identify Your Restaurant.

7.3.2. You will not use anything that resembles or is deceptively or confusingly similar to the Marks, the System, or the Intellectual Property, in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. You will use the Marks only for the uses and in the manner we permit. You acknowledge that you are required, to the extent possible, to prevent persons or parties associated with or employed by you from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Internet and Domain Name. You do not have the right to establish an independent website or URL incorporating our Marks or any portion or variation of them. You do not have the right to establish any e-commerce business without our prior written consent. However, for so long as you are not in default of this Agreement, we will list your Restaurant location on our Internet website. You, your employees, independent contractors, sales associates and representatives may not use, license, or register any domain name or URL (or other means of identifying you or your Restaurant on the Internet) that uses a mark, image, or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without our prior written consent. At our request, you must promptly assign or redirect (or cause to be assigned or redirected) to us any domain name, URL, or other identification that violates this Agreement or the policies stated in the Brand Standards Manual at your expense and without compensation from us. The content you submit to us or use for any Internet Advertising must be true, correct and accurate. At our request, you will promptly modify any of your Internet Advertising material containing the Marks to conform to the standards stated in the Brand Standards Manual. You agree and acknowledge that your on-line promotional strategies must comply with our on-line policy. You further agree and acknowledge that we may review, monitor, and require changes to all on-line content on your websites, Social Media sites, blogs, electronic communication and other on-line sites on which our Marks or Intellectual Property are used.

7.6. Social Media. We will own and control all Social Media related to the brand, but we may allow you to manage certain aspects of Social Media related to your Restaurant. In all cases, we will have administrative access, and access to account information, and any other information related to your Social Media activities related to the HHC™ brand. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. We have the right to remove or alter or require you to remove or alter any content that we deem inappropriate or inconsistent with the HHC™ brand. Additionally, you must sign the Digital and

Social Media Authorization for Assignment attached as Addendum 7.

7.7. Infringement. You must notify us of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks or the Intellectual Property, but you may not take any action against suspected infringers without our express written permission. You must notify us within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation of them. If you notify us in a timely manner of a claim against you relating to the Marks, we will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks. In the event we take legal action to protect our Marks or authorize you to do so, we will be responsible for all costs (Including reasonable attorneys' fees) related to such legal action. You must execute all documents, do such acts and things that may be necessary, and cooperate with us and with any action undertaken by us concerning litigation relating to the Marks.

8. ADVERTISING

8.1. Your Advertising. All of your Advertising must be completely clear and factual and not misleading, and must conform to the highest standards of ethical Advertising and the policies which we prescribe from time to time, in the Brand Standards Manual or otherwise. You may not use any Advertising materials that we have disapproved at any time or for any purpose, and you may not Advertise your Restaurant in connection with any other business without our written consent. If we create advertising materials for your use, you must reimburse us the actual costs incurred for creating advertising and promotional materials, plus an administrative fee equal to 15% of those costs which is payable upon ordering or shipping of the materials. Upon our request, you will provide to us for our review samples of all Advertising material bearing the Marks. Except for Advertising materials created and provided to you by us, at least 30 days before using them, you must submit to us all Advertising materials you intend to use, which approval will be in our sole discretion. You may not use such materials until they have been approved by us, and you must promptly discontinue use of any Advertising material upon our request. If we have not responded to your request in writing within 30 days of receiving your advertising material, you must resubmit them. If we have not responded to your request in writing within seven days of your resubmitting the material to us, they will be deemed approved.

8.2. Grand Opening Advertising. You agree to conduct grand opening Advertising for your Restaurant ("**Grand Opening Advertising**") and, during the period beginning several days before the Commencement Date and ending one month after the Commencement Date, you must spend \$25,000 on such Grand Opening Advertising. You must use any media and Advertising agencies we designate in connection with such Grand Opening Advertising efforts. Your Grand Opening Advertising spend may include discounted or free food, radio or television promotions, public figure appearances, or other Advertising efforts. We agree to furnish you with such advice and guidance as we deem appropriate with respect to your Grand Opening Advertising efforts. All your Grand Opening Advertising must utilize Advertising programs and media and materials we have approved. At our request, you must submit documentation to verify that you have spent required amount. At our option, we have the right to require you to pay the entire Grand Opening Advertising amount to us, and if we exercise that right, we will conduct this Grand Opening Advertising for you.

8.3. Local Advertising. During each and every month of the Term, you must spend 1.5% of your Gross Sales ("**Local Advertising Requirement**") for Advertising within your Protected Area and the area surrounding your Protected Area. If you own multiple Restaurants in a contiguous area, we may, but are not obligated to, reduce your Local Advertising Requirement.

8.3.1. You will make the expenditures directly, subject to our approval (as stated in Section 8.1). You must use the mediums we designated to Advertise your Restaurant locally. You may choose to spend more than the required amount each month, and if so, you will have discretion

(in your reasonable business judgment) of the mediums you choose to Advertise with such amount in excess of 1.5% of your Gross Sales. Within 30 days of the end of each calendar quarter, you must furnish to us, in a manner approved by us, an accounting of your expenditures on local Advertising for the preceding calendar quarter.

8.3.2. We will measure your compliance with the Local Advertising Requirement on a rolling six-month basis, meaning that if your average monthly expenditure over the six-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount. If your average monthly expenditure for local Advertising does not meet the minimum monthly required amount, you must pay to us the difference between the amount you were required to spend on local Advertising and the amount you actually spent on local Advertising. Those funds will be contributed to the Brand Fund for our use in accordance with Section 8.4. Any administrative fee charged by us for Advertising materials that We produce for you will not be counted towards your monthly spend requirement.

8.4. Use of Brand Fund Fee. We may, in our discretion, establish and maintain a Brand Fund to promote public awareness of the Marks and to improve our System. The Brand Fund, and all contributions and any earnings of the Brand Fund, will be used to meet the Brand Fund's costs and expenses. The Brand Fund will be administered by us, our affiliates, or designees at our discretion. The Brand Fund will be used for maintaining, administering, directing, preparing, and implementing Advertising for Restaurants and the brand generally, which may Include: the cost of creating, preparing, and producing print, broadcast, and internet campaigns; direct mail; sales brochures, flyers, posters, etc.; other Advertising delivery systems; logowear and promotional items featuring the Marks; Advertising surveys; public relations and sponsorship activities; creating and maintaining a website or website(s) (Including Social Media sites or accounts) related to the franchise and an extranet for the System; employing Advertising agencies, public relations firms, research firms, design firms, website/extranet design and development firms; and other Approved Suppliers to assist in the foregoing; labor expenses for employees to assist in the development of said Advertising (Including the cost of travel and related expenses to meet with the aforementioned); implementing promotions for Restaurants generally in the appropriate local market area, Including the cost of purchasing Advertising space; sponsorships; the implementation of public relations campaigns; or other costs associated with Advertising the System and the Marks. We may use Brand Fund monies to reimburse us for our costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 8.4 Including independent audits, reasonable accounting, bookkeeping, payments to influencers, reporting and legal expenses, taxes, the payment of staff salaries and other expenses for those employees involved in the Brand Fund and other direct and indirect expenses associated with the Brand Fund. We will not use Brand Fund for creating or placing any advertisement that is principally a solicitation for new franchisees, but may Include in all advertising prepared using the Brand Fund (Including Internet Advertising) information concerning franchise opportunities, Including words such as "franchises available" or similar phrasing and a portion of Brand Fund monies may be used to create and maintain one or more pages on our website devoted to Advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

8.4.1. Acknowledgement by You. You agree and acknowledge that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally and that we undertake no obligation in administering the Brand Fund to make expenditures for you that are equivalent or proportionate to the Brand Fund Fee contributions, or to ensure that you or any other particular Restaurant benefits directly or pro rata from the Advertising conducted or developed by the Brand Fund. You further acknowledge that we own all rights, and retains all copyrights, in all design and content developed using the Brand Fund, and that we will have sole control over the creative concepts, content, form, and media placement of all Advertising materials developed with the Brand Fund, and the

allocations of the Brand Fund to production, placement, and other costs. We will own all copyright in any works created using the Brand Fund. We have no fiduciary duty to you or to any other Person with respect to the collection or expenditure of the Brand Fund, except that those funds will be spent in the manner described in this Article 8.

8.4.2. Fund Accounting. All contributions to the Brand Fund will be deposited into and disbursed from a bank account that may be commingled with other accounts, except that we will account for the Brand Fund separately. Upon written request by you, we will furnish to you, after 90 days after the end of each previous fiscal year, a report for the preceding year showing the expenditures made from the Brand Fund during such calendar year and amount remaining for use (if any) during the following year. This report will not be audited.

8.4.3. Unused Funds; Termination. We anticipate that all contributions to, and earnings of, the Brand Fund will be expended for the purposes stated above during the fiscal year in which the contributions and earnings are received. However, if unexpended amounts remain in the Brand Fund at the end of the fiscal year, all expenditures in the following fiscal year will be made first out of the unspent contributions, and then out of new contributions. Although the Brand Fund is intended to be of perpetual duration, we may in our sole discretion terminate the Brand Fund or suspend its operation. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for the purposes set forth in this Article 8. Upon termination of this Agreement, your obligation to make contributions to the Brand Fund will be terminated.

8.5. Cooperative Advertising. We have the right, in our sole discretion, to designate geographic areas for purposes of establishing local or regional Advertising cooperatives ("**Cooperatives**") comprised of the Restaurants located within such geographic area. If your Restaurant is within the territory of an existing Cooperative at the time you open for business, you must immediately begin participating in the Cooperative. If a Cooperative applicable to your Restaurant is established during the Term, you must begin participating no later than 30 days after the date the Cooperative begins operating. In no event will your Restaurant be required to contribute to more than one Cooperative; however, if you own multiple Restaurants, each Restaurant owned by you will be required to contribute to the Cooperative applicable to that Restaurant. We (or our Affiliates, as the case may be) will become a member in any Cooperative established for an area that Includes a Restaurant owned by us or our Affiliates. The following provisions will apply to each Cooperative:

8.5.1. Purpose; Governance. Each Cooperative will be organized for the exclusive purpose of administering regional Advertising programs and developing, subject to our approval, Advertising materials for use by members in local Advertising. Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, that we approve in advance in writing. We reserve the right to administer the Cooperative fund or to have an advertising agency do so. Each Restaurant within a Cooperative will have one vote for any matters on which the Cooperative's members are permitted to vote. We reserve the right to change, in our sole discretion, the form and manner of the organization and governance of any Cooperative and you agree to implement any such change immediately upon notice from us. No changes in the bylaws or other governing documents of a Cooperative will be made without our prior written consent.

8.5.2. Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval.

8.5.3. Contribution Amount. You and each other member of the Cooperative must contribute to the Cooperative on a weekly, monthly, or other periodic basis, on such specific days as established by the Cooperative or by us, the amount determined by the membership. We can set the amount of your required contribution to the Cooperative in our discretion, but in no event

will we require you to spend more than a total of 1.5% of your Gross Sales towards your Cooperative contribution, unless you and the other members of the Cooperative vote to increase the contribution level beyond the amount we require. Your contributions towards the Cooperative will be credited towards your Local Advertising Requirement. Each required contribution will be submitted together with such statements or reports as we may require, or by the Cooperative with our prior written approval. Each Cooperative must prepare annual financial statements and submit them to us.

8.5.4. Audit. We and our designated agents will have the right to examine, copy, and audit, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative.

9. OPERATING YOUR RESTAURANT

9.1. Operating Principal; General Manager. Your Restaurant must always be operated under your direct supervision if you are an individual. If you are a Business Entity, your Restaurant must be operated under the direct supervision of your Operating Principal and a general manager who: (i) is approved by us; (ii) has successfully completed the Initial Training Program and all other training programs required by us from time to time; and (iii) devotes his or her full time (a minimum of 40 hours per week) and best efforts to operating your Restaurant (your “**General Manager**”). We have the right to deal with the Operating Principal and General Manager on matters pertaining to day-to-day operations of, and reporting requirements for, your Restaurant. Your initial General Manager and Operating Principal is identified on **Addendum 1**. If either the Operating Principal or General Manager elects to end his/her relationship with you, you must replace the Operating Principal or recruit a new General Manager (as applicable) within 30 days and submit his/her qualifications to us for review and approval.

9.2. Sale of Authorized Products and Services Only. You acknowledge that it is critically important to the System that all products and services sold by your Restaurant meet our quality standards. You must Advertise and sell only Authorized Products and Services. You acknowledge that you may not be permitted to always sell all Authorized Products and Services, and that you will discontinue selling any products or services that we have disapproved, even if they were previously Included in our Authorized Products and Services. Except as specifically authorized by us, you may not sell any Authorized Products or Services outside of your Restaurant or to any customer for the purpose of resale by the customer. You may not enter strategic alliances, corporate alliances, product supply or product sourcing agreements without our prior written permission. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Brand Standards Manual or any other communication) relating to the appearance, function, cleanliness or operation of a Restaurant, Including:

9.2.1. Design, layout, decor, appearance and lighting; periodic maintenance, cleaning, pest control and sanitation; use of interior and exterior signs, emblems, lettering and logos and the illumination of them. Your signs must conform in all respects to our specifications and requirements and the layout and design plan that we approve, subject only to restrictions imposed by Legal Requirements or by your lease.

9.2.2. Types, suppliers, models and brands of required fixtures, furnishings, food items, products, materials, items, equipment, signs, materials, supplies, and paper goods. You acknowledge and agree that from time to time, we may modify the list of approved types, brands, models or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier which is no longer approved by us.

9.2.3. Designated or Approved Suppliers (which may be limited to or Include us or our Affiliates) of fixtures, furnishings, equipment, signs, products, materials, supplies, and services.

9.2.4. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, materials, supplies and services Including direct labor, that you obtain from us, our Affiliates or others.

9.2.5. Required inventory levels of Authorized Products. We have the right to require you to purchase any or all of the Authorized Products sold at or from your Restaurant from us or our Affiliates, and you will maintain in sufficient supply all products, materials, supplies, ingredients, equipment, and items we designate and require you to have on-hand in your Restaurant.

You agree that you will not use products purchased from Approved Suppliers for any purpose other than operating your Restaurant. ALTHOUGH APPROVED OR DESIGNATED, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO INVENTORY, SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO OR BY US.

9.3. Authorized Menu; Approved Suppliers. You must only prepare and sell such menu items and other food and beverage products as we designate and approve in writing from time to time (the "**Authorized Menu**") at your Restaurant. You must offer for sale from your Restaurant all items and only those items listed on the Authorized Menu and other Authorized Products. You must offer the full Authorized Menu during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with any reasonable modifications we make. You must cease selling any previously approved product, service, or menu item within 30 days after receipt of notice that the product, service, or menu item is no longer approved, unless the disapproved product poses a health threat, in which case you must stop using it immediately. You must use in the operation of your Restaurant and in the preparation of Authorized Menu items and other food and beverage products only the proprietary Recipes, , and you must prepare and serve Authorized Menu items and products in such portions, sizes, appearance, taste and packaging, all as we specify in the Brand Standards Manual or otherwise in writing, and you must purchase them only from Approved Suppliers. You acknowledge and agree that we may change these periodically and that you are obligated to conform to these requirements. We may authorize test marketing of proposed Authorized Products or Services at any Restaurant or Restaurants as we deem appropriate.

9.4. Constructing, Developing, and Operating Your Restaurant. In constructing, developing, and operating your Restaurant, you agree to use only those fixtures, furnishings, equipment (Including the POS System), décor and signs that we have approved for Restaurants as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time, and you agree to refrain from installing in your Restaurant any fixtures, furnishings, equipment, signs, or other items that we have not approved in writing. You agree to purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may Include us and/or our Affiliates). You will pay the then-current price in effect for all such purchases you make from us and/or our Affiliates. We will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies we require you otherwise to obtain. You will establish independent commercial relationships with our Approved Suppliers for specific items.

9.5. Alternative Suppliers. If you want to make purchases from a supplier other than an Approved

Supplier, you must first submit to us a written request to approve the proposed supplier, together with any documentation regarding that supplier that we reasonably request. Within 45 days after receiving a completed request, and completion of such evaluation and testing (if we require), we will notify you in writing of our approval or disapproval of the proposed supplier. We may revoke our approval at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. You must stop purchasing from a disapproved supplier upon notification from us that it has been disapproved. You must reimburse us for the costs we incur in reviewing and evaluating proposed suppliers or proposed supplies, plus 15%. This amount is due within seven days of invoicing.

9.6. Acknowledgement of Markup or Rebates. You acknowledge and agree that we and our Affiliates have the right to a reasonable markup on all items that you are required to purchase from us and our Affiliates. Further, you acknowledge that we may receive from Approved Suppliers periodic volume rebates or other revenue or consideration as a result of your purchases. You acknowledge and agree that we are entitled to keep such rebates and revenue for our own use, regardless of whether we choose to do so.

9.7. Maintenance, Renovation and Refurbishment. You must, at your sole expense, do all things necessary to comply with the System, Including keeping the physical premises of your Restaurant and all of its equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Brand Standards Manual or as we otherwise require; and (ii) in a neat, clean, attractive, safe and sanitary condition; replacing equipment, and other assets only with those that we have approved as, in our discretion, they become worn out or otherwise unsuitable for use.

9.7.1. You must make, at your expense, all additions, repairs, replacements, improvements and alterations to your Restaurant and your equipment as we determine necessary so that your Restaurant, equipment, and assets that are viewed by the public will conform to the System's image, as may be prescribed by us from time to time. You must undertake and complete such additions, repairs, replacements, improvements, and alterations within the time and under the terms and conditions, which we may reasonably specify. If, however, any condition presents a threat to customers or public safety, you must address the condition immediately.

9.7.2. No more frequently than once every five years, you must refurbish and renovate your Restaurant at your sole expense to conform to our then-current building design, Trade Dress, sign requirements, color schemes, and presentation of the Marks. Otherwise, you recognize and agree that there are no limitations on this obligation and acknowledge and agree that the requirements of this Section 9.7 are both reasonable and necessary to ensure continued public acceptance and patronage of Restaurants and to avoid deterioration or obsolescence in connection with the operation of your Restaurant.

9.8. Comply with Lease Requirements. You agree to refrain from any activity that may jeopardize your right to remain in possession of, or to renew the lease for your Approved Location. You agree to comply with all terms of your lease or sublease, and all other agreements affecting the operation of your Restaurant.

9.9. Your Employees and Independent Contractors. You agree to maintain a competent, conscientious, trained staff, sufficiently literate and fluent in the English language and in a sufficient number; ensure that your employees and independent contractors provide competent, prompt, courteous, and knowledgeable service, and that they meet our minimum standards (as specified in the Brand Standards Manual) to preserve good customer relations. You must require your employees to wear uniforms while working at or for your Restaurant of such design and color as we may prescribe in the Brand Standards Manual. You further agree that in any office, break room, or other non-public area accessed by your employees or contractors, you will post a sign or other document containing language we require explaining the differences between you, their employer or contractor, and us, your franchisor.

You must have all your employees sign our then-current form of Franchise Relationship Acknowledgement. Our current form is attached as **Addendum 6**.

9.10. Brand Standards Manual. You must operate your Restaurant in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Brand Standards Manual. You must supervise your General Manager, managers, employees, independent contractors and Affiliates to ensure their compliance with the Brand Standards Manual. We have the right to prescribe additions to, deletions from or revisions of the Brand Standards Manual (the "**Supplements**"), all of which will be considered part of the Brand Standards Manual. All references to the Brand Standards Manual in this Agreement will include the Supplements. Supplements will become binding on you as if originally set forth in the Brand Standards Manual, upon being delivered to you (unless we specify a longer period). We will provide you with up to 30 days to comply with any material change made by us to our standards. The Brand Standards Manual and any Supplements are material in that they will affect the operation of your Restaurant, but they will not conflict with or materially alter your rights and obligations under this Agreement. While the Brand Standards Manual are designed to protect our reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of your Restaurant.

9.10.1. We are permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Brand Standards Manual at any time, by addition, deletion or other modification to the provisions of the Brand Standards Manual, and such modification will be made in our sole judgment. Such modifications may obligate you to invest additional capital in your Restaurant ("**Capital Modifications**") and/or incur higher operating costs, except as stated in Section 9.7 (which applies to remodels to your Restaurant, but not to other Capital Modifications).

9.10.2. Upon the execution of this Agreement, we will loan to you one copy of the Brand Standards Manual (which may be electronic). The Brand Standards Manual and all amendments to the Brand Standards Manual (and copies of it) are copyrighted and remain our property. They are loaned to you for the Term (and any successor period) and must be returned to us immediately upon the termination, transfer, or expiration of this Agreement. The contents of the Brand Standards Manual are our Confidential Information. You must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Brand Standards Manual without our express prior written consent. You must keep any physical copies of the Brand Standards Manual up to date. You must also keep the Brand Standards Manual in a safe place at your Restaurant and ensure that they, and the information, are secured and protected from unauthorized access.

9.11. Consumer Relations and Protection of Goodwill. You must give prompt, courteous and efficient service to the public and operate your Restaurant in compliance with the Brand Standards Manual to preserve and enhance the value and goodwill of the Marks and the System. You will uphold and take reasonable steps to ensure that your General Manager and employees uphold high standards of honesty, integrity, and fair dealing in dealing with the public, customers, other franchisees and us. You must promptly respond to all complaints received from your customers or other individuals and to resolve complaints in a reasonable business manner. If we are contacted by a customer of your Restaurant who lodges a complaint, we reserve the right (but are not required) to address the customer's complaints to preserve goodwill and prevent damage to the Marks. Nothing in this Section 9.11 or in any other provision of this Agreement is to be construed to impose liability upon us to any third party for any of your actions or obligations.

9.12. Customer Review Platforms. You acknowledge that customer interactions and reviews on Social Media and app-based review platforms that we identify in our Brand Standards Manual (the "**Platform(s)**") are an integral part of the System, and that maintaining a high average of aggregated

customer review scores is critically important to our brand standards and the goodwill under the Marks. You agree, after your first 90 days of operation, if you fail to maintain an aggregated, average score on the Platform(s) as we specify in our Brand Standards Manual, for a continuous period of 30 days or more:

9.12.1. We will have the right (but not the obligation) to send a training team consisting of up to five individuals to your Restaurant for a period of up to 10 days to assist you in addressing all operational issues we, or our training team, identify as existing at your Restaurant.

9.12.2. You are required to pay us a training fee of \$1,150 per day that we send to you, and you shall reimburse us for all travel, lodging, meals and other expenses we incur to send the training team to your Restaurant. Your reimbursement payment is due within seven days of invoicing.

9.13. Hours of Operation. You must continuously operate your Restaurant for the hours and days of the week as specified in the Brand Standards Manual, unless different hours have been approved by us based upon the circumstances existing with the Approved Location.

9.14. Merchant Services. You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, electronic-fund-transfer systems, and near field communication vendors (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.15. Compliance With Data Security Guidelines. You must use your best efforts to protect your customers against a cyber-event, identity theft or theft of personal information. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third-party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You must always be compliant with all other Legal Requirements including: (a) the NACHA ACH Security Framework; (b) the operating rules and regulations of all credit card and merchant services providers; (c) state and federal laws and regulations relating to data privacy, data security and security breaches; and (d) our security policies and guidelines, as they may be amended from time to time.

9.16. Gift Cards and Customer Loyalty Programs. We may establish gift card or customer loyalty programs for use throughout our System. You must acquire and use all computer software and hardware necessary to process the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, and to process purchases made using them and be solely responsible for the service charges related to such processing. You must remit all proceeds from the sale of gift certificates and stored value cards to us or our designee according to the procedures that we prescribe periodically. We will reimburse or credit you (at our option) the redeemed value of gift certificates and/or stored value cards accepted as payment for products and services sold by your Restaurant.

9.17. Compliance With Legal Requirements. You agree to maintain the highest health standards and

ratings applicable to the operation of your Restaurant. You agree to comply with all Legal Requirements and obtain and maintain all licenses and permits required by any governmental agencies or otherwise necessary to conduct your Restaurant in any jurisdiction in which it operates. You acknowledge that you alone are responsible for complying with Legal Requirements and that we have no obligation to you or any other person for your compliance with Legal Requirements. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business. You acknowledge and agree that your indemnification responsibilities under this Agreement include your obligations under this Section 9.16. You specifically agree to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to us copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within 10 days of your receiving them. If your Restaurant is subject to any inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available classification with respect to each governmental agency. In the event your Restaurant fails to be rated in the highest classification or you receive notice that your Restaurant is not in compliance with all applicable standards, you must immediately notify us of such failure or noncompliance.

9.18. Lawsuits. You must notify us in writing within five days of your receiving any notification of: (a) the initiation of any action, suit, or legal proceeding against you; or (b) the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality relating to the Restaurant.

9.19. Pricing. We will provide you with the minimum and maximum prices for the products and services you sell. You are required to follow all mandatory pricing rules or guidelines, subject to Legal Requirements. You may seek to have the prices at your Restaurant differ from the minimum and maximum prices we provide to you by submitting a request to us. We will approve or reject such requested variations in our sole discretion within 30 days of the date we receive it from you. Unless otherwise agreed to by Us in writing, you cannot advertise or promote prices lower than, or inconsistent with, our suggested prices outside of your Restaurant. Our pricing policies are intended to benefit the System as a whole and may not maximize your profits.

9.20. Improvement(s). If you, your General Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of your Restaurant or Restaurants generally (an "**Improvement**"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement will become our sole property and we will be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. You must fully disclose the Improvement(s) to us, without disclosing the Improvement(s) to others, and you must obtain our written approval prior to using such Improvement(s). You and your Owners agree to assign to us any rights you or your Owners may have or acquire in the Improvement(s), including the right to modify the Improvement, and you and your Owners waive and/or release all rights of restraint and moral rights in and to the Improvement. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.20 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights to the Improvement.

9.21. Premises Surveillance System. You must install and maintain a premises surveillance system, which must have a storage capacity that is able to (and does) store video for at least 30 days after it is recorded. You must take all actions necessary to ensure that you and we have the continual ability to monitor the premises of your Restaurant from any Internet-connected computer.

9.22. Monthly Gross Sales Requirement. You acknowledge and agree that, in exchange for our limited grant of exclusivity to you in the Protected Area, you are obligated to use your best efforts to sell the Authorized Products and Services, and develop and expand the reputation of the Marks and the System, within the Protected Area. In this regard, you must achieve an average of \$30,000 in Gross Sales per month, measured every six months starting on the first anniversary of the Commencement Date. If you do not achieve the minimum Gross Sales, you will be given a notice of default and a six-month period to cure by achieving the minimum Gross Sales during the following six-month period. If you do not cure within the six-month cure period, we have the right to terminate this Agreement or to reduce the size of your Protected Area. We also have the right to allow you to continue to operate your Restaurant under the terms of this Agreement while we broker the sale of your franchise. If we broker the sale of your franchise, we are entitled to a fee equal to 10% of the sales price to compensate us for time and expenses to broker the sale of your franchise. You shall also be required to pay the required transfer fee and training fee for us to train the new franchisee. If you have not sold or we have not terminated your franchise within six months of us giving you notice of your second consecutive default, you may cure the default by achieving the minimum Gross Sales average by the end of that six-month period. You understand, acknowledge, and agree that the purpose of this Section 9.22 is not punitive, but is instead intended to ensure that the Marks and System are adequately represented and supported within the Protected Area. This monthly Gross Sales requirement is not a financial performance representation relating to the Restaurant. We will only make financial performance representations in Item 19 of the Franchise Disclosure Document. Actual results may vary from franchise to franchise and we cannot predict the results of any particular Restaurant.

9.23. Operating Bank Account. You must, during each of your first three years of operating your Restaurant, maintain a minimum average daily balance in your Restaurant's operating bank account of \$75,000. You are required to provide us with view-only access to your operating bank account.

10. OPERATIONAL ASSISTANCE BY US

10.1. Training. Prior to beginning operation of your Restaurant, your Owners, General Manager, and Operating Principal must attend, and successfully complete, to our satisfaction, an initial training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate (the "**Initial Training Program**"). Prior to attending the Initial Training Program, you must pay us a fee of \$5,000 (the "**Initial Training Fee**") for up to four people to attend the Initial Training Program. We may also permit you to bring additional attendees to participate in the Initial Training Program. If so, the cost is \$2,500 per person for each additional attendee. The Initial Training Program will take place at a location designated by us (which could include a physical location and/or the Internet). You must not commence operation until your General Manager and Operating Principal have completed the Initial Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that your Owners are not qualified to operate a Restaurant, we have the right to terminate this Agreement without a refund. If you do not complete the Initial Training Program to our satisfaction (which may include passing our then-current management test) or obtain all necessary licenses, we have the right to terminate this Agreement and retain the Initial Franchise Fee, which we will consider fully earned. If your Operating Principal and general manager do not complete the initial training program to our reasonable satisfaction, we will give you a reasonable time to find a substitute General Manager or designate a different Operating Principal.

10.1.1. Should you have the need to replace your General Manager or Operating Principal, any replacement General Manager or Operating Principal (who must be approved by us) must attend the Initial Training Program at a time that it is offered by us within 30 days of the resignation, termination, or non-approval of your former General Manager or Operating Principal. We also have the right to require any other management or key personnel to attend and complete our Initial Training Program to our satisfaction. You must pay the Initial Training Fee of \$2,500 per person (who we have approved to attend) to attend the Initial Training

Program.

10.1.2. You must pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by you, your General Manager, Operating Principal, your Owners, and/or other persons attending any training program.

10.1.3. We will not pay any compensation for services performed by trainee(s) in connection with training or other assistance, Including providing services for us, our Affiliate(s) or other franchisee(s).

10.1.4. If your Owners, General Manager, or Operating Principal have previously attended and successfully completed the Initial Training Program in connection with the operation of another HHC™ Restaurant, we may elect to either: (i) not provide the Initial Training Program to you; or (ii) provide an abbreviated training program.

10.2. Grand Opening Assistance. We will send you four to six of our representatives to provide assistance in preparing for your grand opening for at least seven days before your grand opening. Additionally, at least one of these representatives will stay at your location to provide four to seven days of assistance during the grand opening. The fee for this assistance is \$12,000 per store, plus travel, food, and lodging of our representatives. The grand opening assistance fee is due 15 days before training starts, and costs of the travel, food, and lodging for of our representatives will be due within seven days of invoicing. For us to send our team to provide you with grand opening assistance, you must have all necessary licenses and permits, and all your refrigeration, kitchen and cooking equipment must be functioning. You must give us notice that you are ready for this training at least 30 days in advance.

10.3. Additional Training or Assistance. Depending on advanced notice and our availability, you may request additional in-person training. The fee for this training is \$1,150 per day. In such case, you will also be required to pay all travel, lodging, food, and other expenses of your attendees or our representatives during this additional training. We reserve the right to limit additional in-person training. Your reimbursement payment is due within seven days of invoicing.

10.4. Training Team. Under the circumstances identified in Section 9.12, we will send a training team to your Restaurant to assist you in addressing all operational issues we, or our training team, identifies as existing at your Restaurant.

10.5. Initial Advertising and Marketing Assistance. We will draft and create (with your input) a press release and media advisory for you to use with local media in connection with your initial launch campaign. We will also assist you with an initial launch Social Media campaign. We will own, and we have the right to exclusively control all Social Media accounts that you use in connection with your Restaurant, but we may (in our sole discretion) permit you to control such accounts during the Term while you are complying with this Agreement. If we require you to pay us the amount stated in Section 8.2, we will spend that amount on your behalf on Grand Opening Advertising.

10.6. Periodic Training and On-Site Assistance. We may require your Owners, Operating Principals, and your General Manager to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Restaurant, at another Restaurant, or a training facility operated by us.

10.7. Meetings, Conferences, or Conventions. We may, in our discretion, hold periodic meetings and/or annual conventions to discuss sales techniques, new Authorized Products and Services developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may Include an annual convention. We have the right to require your Owners, Operating Principal, and your General Manager to attend, except in

no event will you or your General Manager or Operating Principal be required to attend more than two meetings or spend more than four days attending them, in any calendar year. You must pay us, prior to the convention or conference, our then-current fee, which is currently between \$750 and \$1,500, for each person who attends the conference, meeting, or convention on your behalf, and you must also pay for the travel, food and living expenses of attendees to a meeting or conference. Your attendees must stay (at your expense) at the host facility selected by us.

10.8. Advice and Consultation. We will impart to you our selling, promotional and merchandising methods and techniques associated with the System and will provide you general guidance. We may (but are not required to) visit your Restaurant periodically to consult with you and provide advice.

10.9. Remote Assistance. We will make a representative reasonably available to respond to your questions (by telephone or through the Internet) during normal business hours, as we determine necessary, to discuss your operational issues and support needs. We may also provide to you such periodic individual or group advice, consultation, and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all Restaurants, as we may deem necessary or appropriate within our sole discretion. In addition, we may communicate with you concerning new developments, techniques and improvements as we deem appropriate at our sole discretion.

10.10. Site Visits. We may, in our discretion, either directly or by designee visit your Restaurant for the purpose of rendering advice and consultation or training with respect to your Restaurant, its operation and performance, or to determine whether you are following System standards. You agree that you and your General Manager will meet with us during any site visits. We will advise you of operating problems found at your restaurant by disclosing them through reports submitted to us or through inspections made by us. We may furnish you with such guidance and assistance in connection with the operation of your restaurant as we deem appropriate.

10.11. Pricing and Rebates. We may (but are not required to) negotiate purchase agreements with Approved Suppliers to obtain discounted prices for franchisees and other Restaurants in the System.

10.12. Performance Audits. We will conduct a performance audit of your Restaurant every other month beginning approximately 60 to 90 days after your opening. The cost for this performance audit is \$500 and is due bi-monthly. We will cover the costs of our representatives to perform this bi-monthly performance audit. However, if your Restaurant fails any performance audit, we will do a reinspection within 30 days, and you will be charged an additional \$500, plus all travel, lodging, meals, and other expenses we incur to send our representative to do the reinspection.

11. USE OF TECHNOLOGY

11.1. POS System. You must purchase and install a point-of-sale system meeting our specifications (the “**POS System**”). You must make all improvements to the POS System in the manner, and when, specified by us in writing, even if such improvements require you to spend additional money on the POS System. You must at your own expense, purchase and or enter into a maintenance, repair, upgrade or update service contract from our approved third party suppliers. There are no limitations on this obligation, except that we will not require you to make any changes, modifications, or upgrades to the POS System that are not also made by Restaurants owned by us or our Affiliates. Neither we or our affiliates or a third party are obligated to provide ongoing maintenance, repairs and upgrades for the POS system. You have sole and complete responsibility the way your POS System interfaces with other systems, Including those of us and other third parties, as well as all consequences that may arise if your POS System is not properly operated, maintained and upgraded.

11.1.1. You must lease or purchase equipment and software for the POS System only from Approved Suppliers. This Includes Restaurant management software and other software and

hardware that we require. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the POS System. You may not authorize the use of the software by anyone else and will not configure, program, or change any software programs.

11.1.2. We may from time-to-time designate, develop, or authorize others to develop proprietary or non-proprietary computer applications for use as part of the POS System, which you may be required to purchase and/or license and use in the operation of your Restaurant. You must execute any license, sublicense or maintenance agreement required by us or any other Approved Supplier of proprietary or non-proprietary computer applications designated by us.

11.1.3. You must: (a) promptly enter into the POS System and maintain all information that we require you to enter and maintain; (b) provide to us such reports as we may reasonably request from the data so collected and maintained, and (c) permit us to have unlimited and independent access your POS System at all times and the information it generates by any commercially available means we specify from time to time. You must cooperate with us to permit us access your POS System and all its data.

11.1.4. Any and all data collected or provided by you, downloaded from your POS System, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you. During the Term, you are licensed, without additional compensation, to use such data solely for the purpose of operating your Restaurant. This license will automatically and irrevocably expire, without additional notice or action by us, when this Agreement terminates or expires.

11.2. Other Required Software; Other Technology. You must use and pay for all software and other technology and platforms as required by us, which may be changed from time to time. You must input all required information into our designated software and platforms as set forth in Brand Standard Manual. You must follow all laws and regulations in storing Customer Information and in submitting information to us.

11.3. Ownership of Customer Information and Goodwill. You acknowledge that we own all information and other business records ("**Customer Information**") with respect to the customers of your Restaurant, including all customer-related contact names, addresses, telephone numbers, e-mail addresses, and customer purchase records, and that Customer Information will include all information generated or recorded because of your efforts while using the Marks. You agree to use reasonable efforts to obtain and capture Customer Information, with customer permission, consistent with any customer tracking or loyalty program(s) we may establish from time-to-time. You agree to input Customer Information into the POS System, or other system or method of retention specified in the Brand Standards Manual, if we direct you to do so. You must not export Customer Information from the POS System or software. We have the right to use the Customer Information in any way we choose. You also agree that any goodwill resulting from your activities under this Agreement is our sole property. There are no limitations on the type of information we can access, or the times or frequency of when we access such information.

12. AUDITS; INSPECTIONS

12.1. Financial Planning and Management. You must keep such complete records of your Restaurant as a prudent and careful businessperson would normally keep. You must keep your financial books and records as we may from time to time direct in the Brand Standards Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. On or before the Payment Date, you must submit to us a complete and accurate accounting of your Gross

Sales for the previous Reporting Period in the format we request, which may be electronic, through the POS System or otherwise. You will prepare monthly income statements for your Restaurant, which we may require you to submit to us. Within 30 days of the end of each calendar quarter, you must submit to us a financial statement prepared according to generally accepted accounting principles for that calendar quarter, and it must be signed and sworn by you to be true and correct. You will maintain an accounting system reflecting all operational aspects of your Restaurant, including uniform reports, accounting procedures, line items, and templates and charts of accounts as may be required by us, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. You must use and pay for the accounting software designated by us. You shall provide us with independent, view-only access to Your account. You will also submit to us current financial statements; forms showing the sales, use, and gross receipt taxes paid by you; and such other reports or documents kept by you as we may reasonably request. On or before April 15 of each year, you must provide us with a copy of your federal tax return for the previous tax year. On or before March 15 of each year, you must provide us with annual financial statements relating to your Restaurant in a format that we reasonably require. You must maintain the records required under this Section 12.1 for a period of five years after the termination, Transfer, or expiration of this Agreement.

12.2. Inspection Rights and Access to Records. During the Term and for a period of three years following the termination or expiration of the Agreement, we (either directly or through a designated agent) have the right to visit the place where your records are located and inspect all aspects of the operation of your Restaurant, at any time during normal business hours and without providing any advance notice to you. You acknowledge that any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of your Restaurant or to assume any responsibility for your obligations under this Agreement.

12.2.1. As part of such visit, we have the right to: (a) inspect your Restaurant operating materials and supplies; (b) observe the operations of your Restaurant for such consecutive or intermittent periods as we deem necessary; (c) take photographs, movies or video recordings of your Restaurant; (d) interview your personnel; (e) conduct customer surveys; (f) inspect and copy any books, Customer Information, records, and documents relating to the operation of your Restaurant, including contracts, leases, and material and information generated by or contained in the POS System; and (g) select and take products, inventory, supplies, equipment and other items from your Restaurant to evaluate whether they comply with our Brand Standards Manual. You must cooperate fully with us in connection with these inspections, observations, surveys, and interviews. We may require you or your General Manager to correct any issues that we discover during the inspection.

12.2.2. You authorize us or our designee to make reasonable inquiries of your bank, suppliers and trade creditors concerning your Restaurant, and by this Agreement you direct such persons to provide us with such information and copies of documents pertaining to your Restaurant as we request.

12.2.3. We and our designee have the right to discuss your records and your Restaurant with your General Manager and any officers, directors, and employees responsible for maintaining records.

12.2.4. You acknowledge and agree that we will have the continual right to monitor your Restaurant and your activities at the Restaurant through the premises surveillance system, and that we have the right to use the footage from the system for determining your compliance with this Agreement, the Brand Standards Manual, or applicable Legal Requirements.

12.2.5. We will have the right to share your financial information with your actual or prospective landlords or lenders, and among our franchisees generally. We will have the right to use your

information in our franchise disclosure document.

12.3. Audit. We and/or our designated agents have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, sales tax records, Customer Information, and business tax returns relating to your Restaurant. We also have the right, at any time, to have an independent audit made of your books and records or to require you to participate in a mail-in audit or any other form of audit in accordance with the Brand Standards Manual. You agree to cooperate fully with our representatives and independent accountants in any examination. If an inspection or audit reveals that any payments due to us have been understated in any report to us, then you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. If: (a) you refuse to cooperate with an audit or an inspection; or (b) an inspection or audit discloses an understatement in any report of 2% or more, you must, in addition to repaying money owed with interest, reimburse us for any and all costs and expenses connected with the inspection and audit (Including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs), and we may require you to provide audited annual financial statements to us on a going-forward basis. The remedies in this Section 12.3 are in addition to any other remedies we may have because of your underreporting, Including the right to terminate this Agreement.

12.3.1. You must cooperate in scheduling any audit and providing access to records, which must be maintained and presented in reasonable order to allow the audit to be conducted in a reasonable time.

12.3.2. Your failure, refusal, or neglect to dispute any fees or contributions that an audit reveals you owe, Including any fees, costs and penalties assessed in connection with an audit, constitutes a waiver of any right to challenge such fees, unless you provide us written notice of your dispute, along with an explanation of the basis for your dispute, within 30 days of the date we deliver the audit results to you in writing.

12.4. Consent to Use of Likeness and your Restaurant. You agree that we have the right to use the likeness (Including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your Owners; and (c) your Restaurant, for any purposes relating to the promotion or marketing of the System or Marks.

12.5. Mystery Shoppers. You acknowledge that we may use mystery shoppers to evaluate you and your Restaurant.

13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES

13.1. Your Name. You must operate solely under the name identified on **Addendum 1** and may use "HHC™" or our other Marks **only** as a "doing business as" (d/b/a) designation as approved by us. You may not use other names in connection with any advertising or operation of your Restaurant. We have the right to review and require changes to any display of your name or the Marks.

13.1.1. You may not Include "HHC™" or any of the Marks in your legal name.

13.1.2. You must post a conspicuous notice on or near the front entrance of your Restaurant that clearly states: "EACH HHC™ RESTAURANT IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as we may require in the Brand Standards Manual. You must Include this disclaimer on all business cards, stationery, Advertising materials, website and Internet communications, real estate documents, and all other materials you use.

13.1.3. In all public records, in relationships with other persons, and on letterhead and business

forms, you must indicate that you independently own your Restaurant, and that you are solely a franchisee of HHC Franchising, LLC.

13.2. Relationship of Parties. We and you intend that this Agreement creates only a franchisor and franchisee relationship, and no other. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with one another, each of us being independent from each other. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

13.2.1. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of your Restaurant, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

13.2.2. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, payments, unemployment insurance, or requirements pertaining to withholdings, levied, or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

13.2.3. We will not have the power to hire or fire your employees. You are solely responsible for the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, directions governing the manner, means, and methods of the performance of duties, work rules, safety, and working conditions of Your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for your Restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to your Restaurant, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

13.2.4. You agree to inform each of your employees and contractors that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the

respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure we reasonably require explaining the differences between us (your franchisor) and you (their employer or contractor).

13.2.5. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Restaurant and that under no circumstance will we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the Brand Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Restaurant.

13.2.6. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

13.3. Owners Agreement. Each of your Owners, who own 10% or more of the franchise must, jointly and severally, sign the Owner Agreement attached as **Addendum 2**, and you and each of your Owners will otherwise bind yourselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner (who must be approved by us as stated in Section 15.2) must sign and provide the Owner Agreement to us within 10 days after obtaining the interest.

14. INDEMNIFICATION; INSURANCE

14.1. Indemnification. You, and each of the Owners identified on **Addendum 1**, agree that you will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successors, assigns, and Affiliates (including HHC Franchising, LLC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "**Indemnified Parties**") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:

14.1.1. The infringement, alleged infringement or any other violation by you, your Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

14.1.2. Your, or your Owners', violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

14.1.3. Your, or your Owners', libel, slander, or any other form of defamation.

14.1.4. Your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

14.1.5. Your, or your Owners': (a) violation or breach of any warranty, representation,

agreement, or obligation in this Agreement or in any other agreement between you and us or our Affiliates; (b) acts, errors, or omissions, or those by any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of your Restaurant, Including any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for your Restaurant.

14.1.6. Any damages, incidents, or claims listed in this Section 14.1 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

We have the right to defend any such action or claim against us at your expense. This indemnification will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 14.1 only, the term "claim" also Includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, Including reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

14.2. Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.3. Insurance. During the Term, you must maintain in force, at your expense, policies of insurance, in the minimum amounts specified by us identified in the chart below, issued by carriers approved by us, that have a rating of at least A- by A.M. Best, or the equivalent. You must also have all other insurance policies to meet any applicable Legal Requirements, or as required by your landlord. We may unilaterally modify our insurance requirements, which modifications may Include increasing minimum policy limits, by delivering to you written notice of the change through the Brand Standards Manual.

Policy Type	Coverage	Coverage Amounts
Builders' Risk Coverage	All construction, renovation, or remodeling of your restaurant	100% replacement costs for the project
Business liability	Liability and Medical Expenses	\$1,000,000
	Medical Expenses - Any One Person	\$5,000
	Cyber Liability	\$50,000
	Personal and Advertising Injury	\$1,000,000
	Damages to Premises Rented to You	\$1,000,000
	Property Insurance, Including Machinery and Equipment Breakdown	100% replacement value
	Aggregate Limits on Business Liability	\$3,000,000
	Aggregate Limit: General Aggregate	\$3,000,000
Business Interruption		Amount required for 6 months of profit and necessary operating expenses, including the payment of royalties

Policy Type	Coverage	Coverage Amounts
Liquor Liability	Coverage is required if your restaurant distributes, sells, or serves alcoholic beverages, or if its activities require a liquor license	\$1,000,000 per occurrence and \$1,000,000 in the aggregate
Umbrella Liability		\$1,000,000
Commercial Auto	Covered Autos Liability	\$1,000,000
	Comprehensive Coverage	Actual cash value
	Collision Coverage	Actual cash value
Employment Practices Liability Coverage	Each Claim Limit	\$1,000,000
	Aggregate	\$1,000,000
Employers Liability Insurance	Bodily Injury by Accident	\$1,000,000 each accident (or higher amount required by law)
	Bodily Injury by Disease	\$1,000,000 policy limit (or higher amount required by law)
	Bodily Injury by Disease	\$1,000,000 each employee (or higher amount required by law)
Other	Insurance Required Under Applicable Law	Amount required by law

14.3.1. Additional Named Insured. Each insurance policy must contain an endorsement naming us (and, if we so request, our members, directors, agents, and Affiliates) as “Additional Named Insured” (and not as “additional insureds”) in the broadest form, extending to our negligence and errors and omissions, and cannot be limited to vicarious liability. These policies must stipulate that we will receive 30 days’ advance written notice of any material modification, cancellation, or expiration of the policy. Each policy must also include a waiver of the insurer’s right of subrogation against any of us and provide coverage for your indemnification obligations under this Agreement. The insurance afforded to additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to us.

14.3.2. Continuation of Policy. Regardless of the amounts we state above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including any policies that are on a “claims made” basis, which through the purchase of an extended reporting endorsement (i.e., “tail” insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24-month period following the end of the policy period.

14.3.3. Copies of Policies. You must provide us with copies of policies evidencing the existence of the insurance required by this Section 14.3 prior to when you begin operations, and thereafter at least 30 days prior to the expiration of any policy, along with certificates evidencing such insurance.

14.3.4. Our Right to Obtain Insurance. In the event you fail to obtain the required insurance and to keep it in full force and effect, we may, but will not be obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, plus an administrative fee equal to 15% of the cost of such premiums, within five days of the date we deliver you an invoice detailing such costs and expenses.

14.3.5. Acknowledgement. You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with your Restaurant. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require. Any insurance policies that we carry do not and will not limit or relieve you from any of your obligations under this Article 14.

14.3.6. Premises Coverage. If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition within 160 days from receiving the proceeds, unless we consent otherwise in writing.

15. ASSIGNMENT

15.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

15.2. Assignment by You. We have entered into this Agreement in reliance upon and in consideration of your singular personal skill and your qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in: (a) you; (b) any of your Owners; (c) substantially all of your assets; or (d) your Restaurant, can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a **"Transfer"**), without our prior written consent.

15.2.1. We will not unreasonably withhold approval of a Transfer if you comply with the conditions of this Article 15. Our consent to a Transfer will not be a waiver of any claims we may have against you.

15.2.2. If, after a Transfer approved by us, one of your Owners no longer has any interest in you or your Restaurant, then that person will be relieved of liability for any obligations to us that arise *after* the date of the Transfer, except for those obligations that arise under Articles 16 or 18.

15.3. Conditions for Approval of Transfer. We, in our discretion, may impose conditions on granting our consent to the Transfer, which conditions may Include any or all the following:

15.3.1. You and your Owners must be in full compliance with this Agreement and must have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to us or our Affiliates.

15.3.2. The transferee must complete and submit all application documents required by us from prospective franchisees at the time of the assignment and be approved in writing by us.

15.3.3. The transferee must have, at our option, either: (i) assumed this Agreement by a written assumption agreement approved by us (which will Include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee), or have agreed to do so at closing; or (ii) executed a replacement franchise agreement on the standard form of franchise agreement we are then offering to new franchisees, which may differ from this Agreement in all material respects, Including having a smaller Protected Area and higher or different fees than were granted in this Agreement.

15.3.4. You must pay us a transfer fee of \$12,500 no fewer than 10 business days before you complete the Transfer.

15.3.5. At the expense of either you or the transferee, upgrade, remodel, or replace the assets used by your Restaurant, Including all of your equipment, to conform to our then-current standards and specifications for new franchisees, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

15.3.6. Prior to the date of Transfer, your transferee will attend training at our designated location as required under the-then current franchise agreement being used by us.

15.3.7. You and each Owner must have executed a general release, on our then-current form (our current form is attached to the Franchise Disclosure Document as **Exhibit F**), of all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising.

15.3.8. If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee and other amounts due to us and our Affiliates pursuant to this Agreement.

15.3.9. You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those set forth in Sections 16.5 and 16.6.

15.4. Right of First Refusal. At least 60 days before you intend to Transfer your Restaurant, you must give written notice to us of your intention to make a Transfer. This notice must Include a fully executed copy of any sale document, and any documents referred to in that or those document(s).

15.4.1. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona-fide offer from a third party made to you. If we exercise this right, we will do so within 30 days of receiving from you all documents that we reasonably request in connection with the proposed Transfer. If we do not indicate to you our intention to exercise this right within that 30 day period, we will be deemed to have elected not to exercise our right of first refusal. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration Includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed transferee).

15.4.2. We must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

15.4.3. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer that are more beneficial to the buyer occurring prior to closing will constitute a new offer subject to the same right of first refusal by us. This Section 15.4 will not apply to: (a) a Transfer by you or your Owners to adult children of you or your Owners; or (b) if you are a Business Entity, the Transfer of your shares to an Owner who was identified on **Addendum 1** of this Agreement as of the Effective Date and has signed an Owner Agreement with us in the form attached as **Addendum 2**.

15.5. Limited Assignment Right for Sole Proprietorships or Partnerships. If you are a sole proprietorship or partnership, we expressly consent to the Transfer of this Agreement, without payment of a fee, to a Business Entity owned and controlled by the same Owners, if you and each of the Owners execute: (a) an assignment agreement; and (b) the Owner Agreement attached as **Addendum 2**, and provided that you comply with the requirements of Section 1.8. You must notify us in writing of any proposed Transfer under this Section 15.5 and must provide and/or sign all documents we reasonably request relating to your legal entity including assignment documents, articles of incorporation or organization and bylaws.

15.6. Death, Disability or Incapacity of You or Your Owners. Upon the death or permanent incapacity (mental or physical) of you or of any Owner who has a controlling interest in you, the executor, administrator, or personal representative of such person must Transfer such interest to a third party approved by us within three months after such death or mental incapacity. Such Transfers, including Transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 15.6, the executor, administrator, or personal representative of the decedent must Transfer the decedent's interest to another party approved by us within three months, which disposition will be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within this three-month period, we may, at our option, terminate this Agreement. In the event of your death or disability (if you are an individual), the Transfer of your interest in this Agreement and your Restaurant by will or intestate succession, or conveyance of such interest in the event of disability, to your individual heirs, will require our written consent, but will not give rise to our right of first refusal under Section 15.4. However, our right of first refusal will apply to any proposed Transfer or assignment by such heirs.

15.7. Termination, Resignation, Death or Disability of General Manager or Operating Principal. If, due to termination, resignation, death, or disability, no one can perform management or training supervisory duties relating to your Restaurant, you must, within a reasonable time not to exceed 15 days from the date of termination, resignation, death, or disability, appoint a new General Manager or Operating Principal (as the case may be). Each new General Manager or Operating Principal must, at your expense, attend and complete the Initial Training Program to our satisfaction within 30 days of their appointment as your new General Manager or Operating Principal. If, in our sole judgment, your Restaurant is not being managed properly, or your employees are not being adequately supervised, at any time after the Operating Principal or General Manager's termination, resignation, death, or disability, we will have the right (but not the obligation) to exercise our step-in rights under Section 17.8.

15.8. Pledge or Encumbrance Without Consent Prohibited. Neither you nor your Owners will pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement, the Restaurant, your Business Entity, or the shares or assets of your Business Entity without our express prior written consent.

16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION

16.1. Your Acknowledgement. You acknowledge that you will obtain knowledge of our Confidential Information that is essential to the operation of your Restaurant, without which information you could not effectively and efficiently operate it. You further acknowledge that such Confidential Information was not known to you prior to execution of this Agreement. You further acknowledge and agree that all the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

16.2. Use and Disclosure of Confidential Information. You will not use any Confidential Information for any purpose other than in the manner we permit or direct. You may disclose Confidential Information

only to such of your employees, agents, independent contractors, and representatives as reasonably necessary in order to operate your Restaurant. You may not, during the Term or afterward, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, except to such employees and independent agents as must have access to it in order to operate your Restaurant, and you agree that your use of Confidential Information for any purpose other than the development and operation of your Restaurant in accordance with this Agreement would constitute unfair competition. All Confidential Information may not be used for any purpose other than conducting your Restaurant. You agree not to make any copies of, reproductions of, or extracts of any Confidential Information except strictly incidental to, and solely in furtherance and within the scope of your relationship with us. You will never reveal any Confidential Information to any person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. If you should receive such a court order, you must provide us immediate oral and written notice of such order and must cooperate with us in protecting the secret nature of the Confidential Information. If you at any time conduct, own, consult with, are employed by, or otherwise assist a similar or Competitive Business, the doctrine of "inevitable disclosure" will apply, and it will be presumed that you are in violation of this covenant. It will be your burden to prove that you are not in violation of this covenant. Notwithstanding any other provision of this Agreement, you may, in accordance with any applicable law which Includes the federal Defend Trade Secrets Act, disclose Confidential Information, Including our trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of yours, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

16.3. Preservation of Confidentiality. You must not permit any person (Including your Owners, General Managers, principals, officers, directors, independent contractors, and employees) to access Confidential Information (Including the Brand Standards Manual) without first requiring them to execute confidentiality agreements, in a form we approve, requiring that all Confidential Information that may be acquired by or imparted to such person be held in strict confidence and used solely for the benefit of you and us. All confidentiality agreements described in this paragraph must Include a specific identification of us as a third-party beneficiary with the independent right to enforce the agreement. Our current approved form is attached to our Franchise Disclosure Document as **Exhibit I**.

16.4. Covenant Not to Compete: During Term. You covenant and agree that, during the Term and any successor term(s), neither you nor your Owners, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as consultant for, represent, act as an agent for, or divert or attempt to divert any customer, person, or business to, any Competitive Business anywhere.

16.5. Covenant Not to Compete: After Term. For the reasons stated in Section 16.2 above, you covenant and agree that, for a period of three years after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (Including your Transfer of this Agreement), neither you nor your Owners, managers, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as a consultant for, represent, or act as an agent for, any Competitive Business within 15 miles of (a) the Protected Area; or (b) any other Restaurant that is then open or under construction.

16.6. Covenant Not to Divert Customers. You agree that, during the Term or any successor term(s), and for a period of three years after the termination or expiration of this Agreement or any successor agreement(s), you will not divert or attempt to divert any customer to any Competitive Business.

16.7. You Acknowledge that these Covenants Are Reasonable. You agree that all covenants in this

Agreement and this Article 16 are fair and reasonable in both duration and area and will not impose any undue hardship on you. You 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 enforcement by us of the covenants in this Article. You further acknowledge that a violation of any covenant in this Article 16 will cause us irreparable harm, the exact amount of which may not be ascertainable, and therefore, you consent that in the event of such violation, we will, as a matter of right, be entitled to apply for injunctive relief to restrain you, or anyone acting for you or on your behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which we may then be entitled. The covenants set forth in this Article 16 will survive the termination, expiration or Transfer of this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' fees, that we incur in connection with our enforcement of the covenants in this Article 16. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, YOU REPRESENT TO US THAT ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING.

16.8. Covenants Are Severable; Tolling. The parties agree that each covenant in this Article 16 must be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and part of this Agreement. Any period of time specified in this Article 16 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

16.9. Limited Exclusion. The restrictions contained in Sections 16.4 and 16.5 above will not apply to ownership of less than 5% of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only.

17. DEFAULT; TERMINATION

17.1. Automatic Termination Without Notice. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, if:

17.1.1. Insolvency. You become insolvent or make a general assignment for the benefit of creditors.

17.1.2. Filing of Bankruptcy Petition. You file a petition in bankruptcy, or such a petition is filed against you and you do not oppose it.

17.1.3. Adjudication of Bankruptcy. You are adjudicated as bankrupt or insolvent.

17.1.4. Receivership. A bill in equity or other proceeding for the appointment of a receiver of: (1) you; (2) your Restaurant; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.

17.1.5. Creditor Composition Proceedings. Proceedings for a composition with creditors under any state or federal law is instituted by or against you.

17.1.6. Final Judgment. A final judgment against you in the amount of \$25,000 or more remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed).

17.1.7. Dissolution. You voluntarily dissolve or liquidate, or have a petition filed for corporate or

partnership dissolution filed against you and the petition is not dismissed within 30 days.

17.1.8. Execution. Execution is levied against your business or property.

17.1.9. Levy or Foreclosure. The real or personal property of your Restaurant is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of your assets and it is not dismissed within 30 days.

17.2. Immediate Termination With Notice and No Opportunity to Cure. We will have the right to terminate this Agreement immediately, without providing you an opportunity to cure, upon our delivery of written notice to you under any of the following circumstances:

17.2.1. Failure to Open. You fail to open your Restaurant on or before the Commencement Deadline (as extended, if applicable).

17.2.2. Failure to Obtain Our Approval of Location. You fail to obtain our approval of a location for your Restaurant within six months of the Effective Date.

17.2.3. Abandonment. You fail to keep your Restaurant operating for a period of three consecutive days, except as may be allowed by us in the Brand Standards Manual or otherwise in writing.

17.2.4. Certain Acts. Conduct or activity by you, your General Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on your Restaurant, us, the System, Restaurants generally, the Marks, or the goodwill associated with them, Including a felony conviction of you or of any of your Owners, Operating Principal, or General Manager(s).

17.2.5. Unauthorized Assignment. You or an Owner purport to sell, assign, Transfer or encumber this Agreement, your Restaurant, or an interest in you without our prior written consent in violation of Article 15.

17.2.6. Lease Termination. Your lease for the Approved Location is terminated.

17.2.7. Failure to Comply With Laws. You fail to comply with any material Legal Requirement applicable to the operation of your Restaurant and fail within the period allowed by law (if applicable) to cure the noncompliance following your receipt of notice of the noncompliance. If no period is specified, the cure period will be 24 hours from the receipt of such notice.

17.2.8. Repeated Defaults. We deliver to you two or more written notices of default pursuant to this Article 17 within any 12 month period, regardless of whether the defaults described in the notices ultimately are cured.

17.2.9. Understating Gross Sales. You submit on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record (Including submission by or through the POS System) which understates your Gross Sales by more than 2%. This provision will only apply if you demonstrate that the understatement did not result from an inadvertent error or error made by the POS System.

17.2.10. Material Misrepresentations. You make any material misrepresentations relating to the acquisition of your Restaurant, or you make any materially false statements to us or our Affiliate(s) in connection with the operation of your Restaurant.

17.2.11. Failure to Allow Audit or Inspection. You refuse to allow or cooperate with the audits

or inspections by us described in Article 12.

17.2.12. Violation of Restrictive Covenants. You or your Owners violate any of the restrictive covenants against competition or use or disclosure of our Confidential Information in Article 16.

17.2.13. Interference with Relationships. You interfere or attempt to interfere with our actual or prospective contractual relations with Approved Suppliers, other Restaurants, advertising agencies or any third parties.

17.2.14. Sale of Unapproved Products or Services. You offer or sell as part of your Restaurant any unapproved product, service, or program; do not sell Authorized Products or Services, or do not use or disseminate (as applicable) all materials, notices and procedures specified by us.

17.2.15. Intellectual Property Misuse. If you challenge the validity of, materially misuse, or make any unauthorized use disclosure, or duplication of, the Marks or Confidential Information (excluding only independent acts of employees or others if you exercised your best efforts to prevent such disclosures or use).

17.2.16. Failure to Pay Amounts Owed. You do not pay any amounts due to us, our Affiliates, or a Cooperative of which you are a member within 10 days of our sending notice to you of your failure.

17.2.17. Anti-Terrorism Laws. You violate, or make any misrepresentation regarding your compliance with, or violation of, Anti-Terrorism Laws by you, your Owners, officers, directors, General Managers, managers, members, partners, or agents.

17.3. Termination After 30-day Cure Period. We have the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 30 days after delivery of written notice: (a) you do not obtain or maintain required insurance coverage; (b) you do not pay all amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (c) you fail to obtain and maintain any permit or license necessary for the operation of your Restaurant; (d) your Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of your Restaurant, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period; (e) you fail to resolve customer complaints and/or disputes as required by Section 9.11; (f) you fail to make a timely payment of any amount due to an Approved Supplier unaffiliated with us (other than payments which are subject to a bona fide dispute); (g) you fail to maintain in your operating account the amount required by Section 9.23; or (h) you breach any other term of this Agreement that is not specifically identified in Sections 17.1 or 17.2 of this Agreement, and you do not correct such failure after we deliver to you notice of your failure to comply. The description of any breach in any notice served by us upon you will in no way preclude us from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

17.4. Effect of Laws. If applicable law will not allow the termination of this Agreement immediately as stated in Sections 17.1 or 17.2 above, the concerned default will be subject to the provisions of, and the cure period stated in, Section 17.3. If applicable law requires a longer cure period than that specified in this Agreement, the longer period will apply.

17.5. Our Pre-Termination Options. If you fail to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Brand Standards Manual (subject to applicable notice and cure periods), then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the following options as we deem necessary:

17.5.1. To suspend all services provided to you under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

17.5.2. To eliminate listing you in any advertising, marketing, or promotional materials, including any directory listings, approved or published by us, and our principal website.

We may continue taking these actions until you comply with the requirements of any default notice that we have sent to you, and we acknowledge your compliance in writing. The options in this Section 17.5 will have no effect on, and will not release you from, any obligation you owe to us or to our Affiliates.

17.6. No Right of Termination; Opportunity to Cure. You may not terminate this Agreement; however, some states may allow you to terminate as permitted by state law. Prior to taking any action against us, You must first give us 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 60-day period, and we are diligently continuing efforts to attempt to cure such alleged act or omission, you must give us such additional time as is reasonably necessary to cure.

17.7. Cross-Default. Any default by you under any agreement between you and us or you and our Affiliates (except for a default under a multi-unit development agreement with us for a failure to meet your development obligation), and your failure to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for us to terminate this Agreement. If the default under the other agreement is such that it would entitle us to immediately terminate that other agreement, then we will be entitled to immediately terminate this Agreement as stated in Section 17.2.

17.8 Step-In Rights and Management. To prevent any interruption of business of your Restaurant and any injury to the goodwill and reputation of your Restaurant, the System, or other Restaurants which may be caused by such interruption, in the event of: (a) your default under this Agreement; (b) our termination of the Agreement under Sections 17.1 through 17.3; (c) our reasonable belief that a condition of your Restaurant or any product sold at your Restaurant poses a threat to the health or safety of customers; or (c) your death or permanent incapacity (mental or physical), we will have the right (but not the obligation) to operate your Restaurant for as long as we deem necessary and practical for up to six months ("**Interim Management Period**"). You hereby authorize us to undertake such operation and agree that our operation of and making corrections to, your Restaurant within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Restaurant, we will have the right to collect and pay from the revenues of your Restaurant all expenses relating to the operation of your Restaurant including, Royalty Fees, employee salaries, and our management fee, which is 15% of your daily Gross Sales for each day we operate the Restaurant. All accounts must remain in your name during the Interim Management Period, but you shall add Us or our representative as a co-signer on certain accounts. You shall cooperate with us in communicating with all vendors and suppliers related to our interim management. You hereby grant us permission to speak directly with your landlord, suppliers, banks, IRS, state agencies, creditors, etc., regarding your Restaurant, and you shall cooperate with us to facilitate such communication. We may require you to establish a new bank account for your Restaurant during the Interim Management Period into which all operating income will be deposited. You and we (at our option) will have authority over this account, and you or we will make payments on your accounts payable as cash is available, but only with your prior authorization and direction when possible. You are ultimately responsible for all operating costs both before and during the Interim Management Period. You shall provide us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the operating account or any new account after all applicable costs and fees to us and our Affiliates have been paid and after an additional amount has been set aside sufficient for the Restaurant to fulfill its business purposes as determined by us, will

be transferred to you monthly. We may provide monthly internal profit and loss statements to you. We have no obligation to infuse capital into your Restaurant, but if we do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct your employees and contract personnel during the Interim Management Period. Both you and we agree that in no way does our interim management create a relationship of trustee, beneficiary or any type of fiduciary relationship over or in relationship to your Restaurant.

17.9 You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

18. POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason, or (to the extent applicable) a Transfer by you:

18.1. Cease Use of Marks and System Materials. You must immediately cease all use of the Marks and Trade Dress, the Brand Standards Manual, materials relating to the System and its operation, and Confidential Information, and you must not use any trademarks, tradenames, service marks, or other commercial symbols that indicate or suggest a connection with us.

18.2. Representations of Affiliation. You must immediately refrain from making any representation whatsoever that you are our franchisee, or that you are or have been affiliated with us, and you must immediately take any affirmative action necessary to remove any use of the Marks in connection with your Restaurant. You must take all actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks. You must never use any trade name, trademark, or other identifying symbol that is confusingly similar to any of the Marks.

18.3. Assignment of Lease; De-Identification. We will have the option to assume your lease for the Approved Location, which option we can exercise at any time before or within 30 days after expiration or termination of this Agreement. If we exercise this option, you must take any and all actions necessary to assign to us or our designee your interest in the lease. If we or our designee assume your lease, title to all leasehold improvements will convey to the assignee upon such assignment, without any further consideration. If we do not exercise our right to assume your lease, you must (at your sole cost and expense) modify the Approved Location, including all equipment, and all vehicles used by your Restaurant (including the changing of the color scheme and other distinctive design features, and the changing of and assigning to us of, the telephone numbers) as may be necessary to distinguish the appearance of your Restaurant from that of other Restaurants, and you must make such specific additional changes to your Restaurant as we may reasonably request for that purpose. Such de-identification must be completed within 15 days after expiration or termination of this Agreement. If you do not make these changes, by signing this Agreement you nominate us as your attorney-in-fact to enter the premises of the Approved Location to make those changes on your behalf, and you agree to indemnify us and our designees from any and all damages that you or any third parties incur due to our exercising these rights.

18.4. Payment; Security Interest. You must pay all sums owed under the terms of any agreement with us or our Affiliates within 15 days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by us. Those sums will include all interest, damages, costs, and expenses, including reasonable attorneys' fees, incurred by us, whether or not the sums are incurred prior to or subsequent to the termination or expiration of this Agreement. The money you owe us will also include the Liquidated Damages and all other costs and expenses, including reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement. You grant to us a security interest (which will be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods used or related

to your Restaurant, to the extent that we have not received all funds due and owing from you. This Agreement will constitute a security agreement granting to us a security interest in the above-mentioned collateral, and you must execute any and all financing statements required by us to perfect our security interest in the collateral.

18.5. Return of Brand Standards Manual and Other Confidential Information. You must, within 10 days of the termination or expiration, deliver to us the Brand Standards Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Customer Information, records, files, instructions, correspondence, and all other materials relating to the operation of your Restaurant that were provided to you, or held by a third party on your behalf, and all copies of those items (all of which you acknowledge is our property). You will retain no copy or record of any of the items listed in this Section 18.5, with the exception only of your copy of this Agreement, correspondence between the parties and any other documents which you reasonably need to comply with law.

18.6. Our Right to Purchase Tangible Assets. We have the option to purchase your interest in any or all of your Restaurant's inventory, equipment, supplies, advertising materials and signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of our choosing and that we pay for, and we may set off against the purchase price any amounts that you owe us. We will exercise our option by delivering written notice before or within 30 days after this Agreement expires or is terminated.

18.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination, your valid termination under Section 17.6, or your valid and approved Transfer of the Agreement), you will, within 15 days of such early termination, pay to us liquidated damages ("**Liquidated Damages**"). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed to us by you beginning with the date you open your Restaurant through the date of early termination, multiplied by the lesser of: (i) 24, or (ii) the number of full months remaining in the Term.

18.8. Use of Customer Information and Other Information. We have the right, during and after the Term, to access and use: (i) all information you provide to us contained in your sales and transaction reports, through the POS System, and in such other operational reports that we request from you; (ii) Customer Information; and (iii) the contact information of you or your Owners. We may use this information for business purposes that may include Advertising, statistical compilations, investigations and resolutions of customer complaints, and quality surveys. We have the right, after termination, to continue to use the information referred to in this Section 18.8. After termination or expiration of the Agreement, we will have the exclusive right to use Customer Information, and to make the Customer Information available to other Restaurants for such purposes as we deem appropriate.

18.9. Comply with Covenants. You must comply with each one of your covenants and obligations that apply after the termination, expiration, or Transfer of this Agreement as stated in Article 16.

18.10. Termination Without Prejudice. The expiration or termination of this Agreement will not relieve you of any of your obligations to us existing at the time of expiration or termination, nor will it terminate those of your obligations which, by their nature, survive the expiration or termination of this Agreement. The expiration or termination of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all other rights and remedies that are available to us at law or in equity.

19. GOVERNING LAW; DISPUTE RESOLUTION

19.1. Governing Law. All provisions of this Agreement are governed by and must be interpreted in accordance with the laws of the state of Nevada, without reference to conflict of laws principles. By agreeing to the application of Nevada law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or other statute, rule, or regulation of the state of Nevada to which this Agreement or the parties' relationship would not otherwise be subject without the application of this Section 19.1. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

19.2. Mandatory Mediation. Except as provided in Section 19.4, if any Dispute cannot be settled through direct discussions, the parties agree to submit the Dispute to mediation before resorting to arbitration. Mediation will be administered by the American Arbitration Association ("**AAA**") under its then-current Commercial Mediation Procedures ("**Mediation Procedures**") and before a mediator selected under them. Mediation will not defer or suspend our exercise of any termination right under Article 17. All aspects of the mediation process will be treated as confidential, may not be disclosed to others, and may not be offered or admissible in any other proceeding or legal action whatsoever.

19.2.1. Deadline for Mediation. The party requesting mediation must provide written notice of the request for mediation to the other party in the manner prescribed in the Mediation Procedures. The request must specify with reasonable particularity the matters for which mediation is sought. Mediation must be concluded within 30 days of the issuance of the written request for mediation, or such longer period as the parties may agree upon in writing.

19.2.2. Location. The mediation must be held in Las Vegas, Nevada or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Las Vegas, Nevada.

19.2.3. Cost of Mediation and Consequences of Failure to Comply. The parties will equally share the cost of the mediation, including administrative costs and mediator fees. Should a party refuse to pay its share of the costs and fees in advance of mediation, that party will be in default of this Agreement, and the Dispute may proceed directly to arbitration without mediation. Any costs or fees, including attorney fees, incurred by the non-defaulting party in pursuing mediation may be sought as damages in arbitration.

19.3. Arbitration. Except as specifically provided in this Agreement, any Dispute that is not resolved through mediation must be settled by binding arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules ("**Commercial Rules**"). Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction over the parties.

19.3.1. Governed by Federal Arbitration Act. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce, and that any arbitration conducted under this Agreement will be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16). The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act, and that arbitration must be conducted as provided in this Section 19.3.

19.3.2. Appointment of Arbitrators. The Dispute will be heard by a panel of three arbitrators, chosen in accordance with the Commercial Rules. The arbitrators, and not any court, will have the sole authority to decide the Dispute, as well as to determine arbitrability of any Dispute.

19.3.3. Qualifications of the Arbitrators. At the option of either party, the arbitrators must be selected from a list of retired federal or state judges supplied by AAA, if available, who have substantive experience in franchise law.

19.3.4. Claims Barred. In connection with any arbitration proceeding, each party must submit any Dispute or claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) in the arbitration. Any such claim which is not submitted or filed as described above will be forever barred.

19.3.5. Payment of Fees and Costs. The parties will equally bear all administrative costs and arbitrator fees in accordance with the Commercial Rules. The parties agree that failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges will constitute a waiver by that party to present any evidence or cross-examine witnesses. In such event, the other party will be required to present evidence and legal argument as the arbitrators may require for the making of an award. Such waiver will not allow for a default judgment or award against the non-paying party in the absence of evidence presented as provided for above.

19.3.6. Mandatory Exchange of Information. In all matters, regardless of the Amount In Controversy, the parties must exchange the following information within 20 days of the appointment of the arbitrators without further order from the arbitrators. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide testimony. The parties must also disclose and provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. The arbitrators may entertain a request to compel the exchange of information or documents not provided by a party in possession of them.

19.3.7. Discovery. Each side may take three depositions. Neither side's depositions may consume more than a total of 18 hours. No party may make a speaking objection at a deposition, except to preserve privilege. The total period for the taking of depositions shall not exceed six weeks. No interrogatories or requests to admit may be propounded by either party.

19.3.8. Location. The arbitration must be held in Las Vegas, Nevada or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Las Vegas, Nevada.

19.3.9. Time of Final Arbitration Hearing. The final arbitration must be held no later than 10 months from the date of the arbitration demand. Except as otherwise noted in this Agreement, hearings will take place under the Commercial Rules.

19.3.10. Timing; Type of Award. The arbitrators must agree to comply with the schedule stated in Section 19.3.9 before accepting appointment. However, this time limit may be extended by the arbitrators for good cause shown, or by mutual agreement of the parties. The award of the arbitrators must be accompanied by a reasoned opinion, but they may not declare any trademarks owned by us or our Affiliates generic or invalid.

19.4. Injunctive Relief. You acknowledge that a breach of this Agreement by you, which relates to any of the matters set out below, will cause us irreparable harm for which monetary damages are an

inadequate remedy. Therefore, in addition to any other remedies we have under this Agreement, we are entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of you upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; (vii) covenants not to compete with us; and (viii) any act or omission by you or your employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of your Restaurant or other Restaurants; (c) constitutes a danger to your employees or to the public; or (d) may impair the goodwill associated with the Marks or the System. You are entitled to seek and obtain the entry of temporary and permanent injunctions to prevent our improper termination of this Agreement. The parties agree that such requests may be heard by the arbitrators or by a court (subject to Section 19.9), at the election of the party seeking the same. Neither party will be required to first mediate any claim for injunctive relief. Should a party elect to have its request heard by arbitrators, all such requests shall be heard in accordance with the then-current Commercial Rules. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. You agree that your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held. You waive all claims for damages by reason of the wrongful issuance of any such injunction.

19.5. Waiver of Right to Jury Trial. Each party irrevocably waives its rights to trial by jury regarding any Dispute or proceeding arising out of this Agreement or the transactions relating to its subject matter.

Your Initials: _____ Our Initials: _____

19.6. Waiver of Right to Bring Class, Group, or Collective Action. Arbitration or litigation of any Dispute must proceed solely on an individual basis. The parties expressly and irrevocably waive the right for any Dispute to be arbitrated or litigated on a class action basis, or on bases involving Disputes arbitrated or litigated in a purported representative capacity on behalf of others. The authority of a court or arbitrators to resolve Disputes and make written awards or judgments is limited to Disputes between you and us alone. Disputes may not be joined or consolidated with any other Dispute(s) unless agreed to in writing by all parties. No arbitration award or court decision will have any preclusive effect as to issues or claims in any Dispute with any person or entity not a named party to the arbitration. No previous course of dealing will be admissible to explain, modify, or contradict the terms of this Agreement.

Your Initials: _____ Our Initials: _____

19.7. Waiver of Claim for Punitive Damages. To the extent permitted by applicable law, neither of the parties may assert, and each party waives, any claim against the other party (Including their respective Affiliates, partners, stockholders, members, officers, directors, agents, employees and controlling persons), on any theory of liability for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) for any Dispute. The parties further agree that in the event of a Dispute, each of the parties will be limited to the recovery of any: (a) actual damages sustained by it; (b) Liquidated Damages as provided in Section 18.7; and (c) statutory trademark law treble damages. If such claims for punitive damages cannot be waived by law, then the parties agree that any recovery will not exceed two times actual damages.

Your Initials: _____ Our Initials: _____

19.8. Legal Fees and Expenses. The prevailing party in an arbitration, injunction, judicial or other proceeding between the parties will be entitled to reimbursement of its costs and expenses, Including reasonable attorney fees. "Costs and expenses" mean all reasonable pre-award expenses of the mediation, arbitration, injunction, litigation Including arbitrators' fees, expert fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees.

"Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided. The "net award" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrators will award the above fees to the party that it deems has prevailed over the other party using reasonable business and the arbitrators' judgment.

19.9. Choice of Forum. To the extent that a judicial action is expressly permitted by Section 19.4, the parties agree that any such cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in Las Vegas, Nevada, or, if our principal place of business is in a city other Las Vegas, Nevada, then the federal or state court for the jurisdiction in which we then have our principal place of business. Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. This Section 19.9 will survive the termination of this Agreement. You acknowledge that you are aware of the business purposes and needs underlying the language of this Section 19.9.

20. GENERAL PROVISIONS

20.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions are not enforceable in whole or in part, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions will be superseded and modified by such applicable law.

20.2. Approvals. Whenever this Agreement requires our prior approval or consent before you take any action, you must make a timely written request to us, and our approval or consent must be obtained in writing. We will not unreasonably withhold or unreasonably delay our response. By providing any waiver, approval, consent, or suggestion to you or in connection with any consent, or by reason of any neglect, delay, or denial of any request, we make no warranties or guarantees upon which you may rely and assume no liability or obligation to you.

20.3. No Modifications; Waivers. No waiver or modification of this Agreement or of any covenant, condition, or limitation will be valid unless it is made in writing and duly executed by the party to be charged with it. No evidence of any waiver or modification may be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party, unless such waiver or modification is in writing, duly executed. Our waiver of your breach of any term of this Agreement applies only to that one breach and that one term, and not to any subsequent breach of any term. Acceptance by us of any payments due under this Agreement will not be deemed to be a waiver by us of any preceding breach by you of any term.

20.4. Force Majeure. Except for monetary obligations under, or as otherwise specifically provided for in, this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by Force Majeure, then performance of such act is excused for the period of the delay, but no such delay will exceed 90 days. If your Restaurant is damaged or destroyed due to a Force Majeure event, you must initiate within 30 days (and continue until completion) all repairs or reconstruction to restore your Restaurant to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Restaurant in accordance with the then-standard layout and décor specifications for Restaurants, we may require you to repair or reconstruct your Restaurant in accordance with those specifications.

20.5. Rights are Cumulative. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude our or your exercise or enforcement of any

other right or remedy which we or you are entitled by law to enforce, except as specifically limited by this Agreement.

20.6. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meanings ascribed to them in the **Appendix** or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none may be deemed to affect the meaning or construction of any provision of this Agreement.

20.7. Persons Bound. This Agreement binds the parties and their respective successors and assigns.

20.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement may be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties will be deemed so delivered: at the time delivered, if by hand; one business day after transmission, if by overnight delivery service; one business day after transmission, if by facsimile or other electronic system expressly approved in the Brand Standards Manual as appropriate for delivery of notices under this Agreement (with confirmation copy sent by regular U.S. mail); or three business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and you will immediately notify us of any changes to the following contact information:

If to us: HHC Franchising, LLC 4305 Dean Martin Drive, Suite 185 Las Vegas, NV, 89103	If to you: The address listed in Addendum 1
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20.10. Counterparts and Electronic 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 with full legal force and effect and may be used for all purposes as if it were an original.

20.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of you, us, and to the extent applicable, our Affiliate(s).

20.13. 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.

20.14. No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights

under this Agreement or otherwise.

20.15 Entire Agreement. This Agreement, the Addenda attached to it, and any other agreements executed by you and us concurrently with our execution of this Agreement represent the entire fully integrated agreement between you and us, and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document (Including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to in writing by you and us, and executed by your and our authorized officers or agents.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date our General Manager signs the Agreement in its signature block below (the "**Effective Date**").

HHC FRANCHISING, LLC

FRANCHISEE: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

APPENDIX

GLOSSARY OF TERMS

AAA: Defined in Section 19.2.

Advertising or Advertise: Includes marketing, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party.

Agreement: This Franchise Agreement and any of its amendments.

Anti-Terrorism Laws: Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the 15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (Including without limitation, the United States Department of Treasury Territory of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Location: The location that we have approved as the site for your Restaurant, identified on **Addendum 1**.

Approved Suppliers: The various companies with which we and / or our Affiliates have authorized to sell products or services to you (Including Authorized Products or Services) or are contracted to do business with us and / or our Affiliates, and which may provide products to you through us and / or our Affiliates. We or our Affiliate(s) may also be an Approved Supplier.

Authorized Menu: Defined in Section 9.3.

Authorized Products and/or Services: The specific products or services and items that are specified by us from time to time in the Brand Standards Manual, or as otherwise directed by us in writing, for sale at your Restaurant, prepared, rendered, provided, sold and/or manufactured in strict accordance with our standards and specifications.

Brand Fund: The advertising fund that we will establish with the contributions that we receive from Restaurants in accordance with Articles 6 and 8.

Brand Fund Fee: Defined in Section 6.3.

Brand Standards Manual: The primary source of information regarding the System and the construction and operation of Restaurants, which Includes our operations and training manuals, and any other written directives related to the System, as they may be amended and revised by us from time to time, Including all bulletins, supplements and ancillary and additional manuals and written directives established by us and given to you in any format.

Business Entity: A corporation, a general or limited partnership or a limited liability company.

Capital Modifications: Defined in Section 9.10.

Commencement Date: Defined in Section 5.1.

Commencement Deadline: Defined in Section 3.7.

Commercial Rules: Defined in Section 19.3.

Competitive Business: Any business where the sale of chicken-based products account for 20% or more of the projected or actual sales, or a business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products that are the same as or similar to those provided by Restaurants or in which Intellectual Property or other Confidential Information could be used to the disadvantage of us, any of our Affiliates, or Restaurant, other than a franchise operated under a franchise agreement with us. A "Competitive Business" will not include a Restaurant operated under a franchise agreement with us, or a business or businesses that is or are approved by us because its or their operations do not compete with Restaurants by more than 20%.

Confidential Information: Our confidential and/or proprietary information including: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; the Intellectual Property; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective customers, other franchisees, agencies, Approved Suppliers, and other related information; the economic and financial characteristics of the System, the Restaurant, and other franchisees; capital and debt structures; our Recipes; Customer Information; and the Brand Standards Manual. Confidential Information will not include information which was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed: (a) at or prior to the time you received it; or (b) at or prior to the Effective Date, whichever occurred first.

Cooperatives: Defined in Section 8.8.

Credit Card Vendors: Defined in Section 9.13.

Customer Information: Defined in Section 11.2.

Delayed Opening Fees: Defined in Sections 3.7 and 6.2.

Dispute: Any and all disagreements, controversies, or claims of any sort between you and us or our Affiliates arising out of, or in any way relating to, this Agreement, any of the parties' respective rights and obligations arising out of this Agreement, or the making, performance, breach, interpretation, or termination of this Agreement, including any claims based in tort.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

EFT: Defined in Section 6.5.

Force Majeure: This includes war, riot, strikes, materials shortages, fires, floods, earthquakes, and other acts of God, or governmental action or force of law, but excluding a shortage of funds, which results in your or our inability to build, equip, or operate your Restaurant or otherwise perform an obligation under this Agreement, and which the party responsible for performance could not by the exercise of due diligence have avoided. Force Majeure does not excuse any of your obligations to timely pay us or our Affiliate(s).

General Manager: Defined in Section 9.1.

Grand Opening Advertising: Defined in Section 8.2

Gross Sales: All consideration, whether by cash, credit, in kind, checks, gift certificates, scrip, coupons, services, property or other means of exchange, or otherwise, derived directly or indirectly from the operation of your Restaurant, Including the credit value given for all merchandise trades, and insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" does not Include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority;
- (ii) valid discounts, the value of any complimentary products, or trade-outs, up to a maximum of 3% of your Gross Sales in the aggregate;
- (iii) cash refunds to customers and valid coupons given by your Restaurant and used by customers, provided the full price of any product or service was first Included in your Gross Sales;
- (iv) tips from customers given to your employees; or
- (v) the sale of gift cards, as the sales of gift cards will be pooled by us or an Affiliate. However, your Gross Sales do include gift cards that are redeemed at your Restaurant. We will deduct royalties on gift cards redeemed at your Restaurant and then remit the balance to you.

Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you. Gross Sales consisting of property, products or services will be valued at the retail prices applicable and in effect at the time that they are received. Any amounts deposited in your Restaurant's bank accounts are deemed Gross Sales unless proven otherwise.

Improvement(s): Defined in Section 9.19

Including or Includes: means "Including but not limited to," "Including, without limitation," and similar all-inclusive and non-exhaustive meanings.

Indemnified Parties: Defined in Section 14.1.

Initial Franchise Fee: Defined in Section 6.1.

Initial Training Fee: Defined in Section 10.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property Includes that which is protectable by statute or legislation, such as proprietary products, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Term: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (Including Anti-Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over you, us, or any part of your Restaurant.

Liquidated Damages: Defined in Section 18.7.

Local Advertising Requirement: Defined in Section 8.3.

Marks: Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, Including the mark "HHC™" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (Including designs and specifications and the motif, decor, and color combinations for a Restaurant), and all other visual identification, as are now designated, and may hereafter be designated by us, for use in connection with the System.

Mediation Procedures: Defined in Section 19.2.

Minimum Review Score: Defined in Section 9.12.

Non-Traditional Location: A Restaurant location that is a transportation facility, urban office building, supermarket, sporting facility, travel plaza, institutional feeding facility, shopping mall, government institution or facility, educational facility, casino, resort property, amusement park, or military facility, and other similar locations.

Operating Principal: An Owner of at least 51% of an interest in you, who will spend her or his full time (at least thirty-five hours per week) operating and managing the operations of your Restaurant or, if you own more than one Restaurant, your Restaurants.

Owner: Any person who owns any stock, units, membership, partnership or other ownership interest in you, directly or indirectly.

Payment Date: The day on which you must pay us our applicable fees for the previous Reporting Period, which day we may designate from time to time. As of the Effective Date, the Payment Date for Royalty Fee is the fifth (5) day of each month. If the Payment Date falls on a weekend or holiday, then it will be the next business day after that day. You must comply with a new Payment Date within fourteen (14) days after receiving written notice that the Payment Date has changed.

POS System: Defined in Section 11.1.

Protected Area: The geographic area in which we grant to you the limited right of exclusivity as described in Article 4. Your Protected Area will consist of the area identified on **Addendum 1**.

Recipes: Our recipes, kitchen books, ingredients, flavors, compositions, mixes, batters, syrups, spices, sauces, fillings, frostings, toppings, dressings, cook temperatures, cook or mix times, measurements, preparation techniques, methods, and formulas, etc., related to Our food or drink products and Approved Menu items.

Reporting Period: The period of time designated by us for reporting, which could be a day, week, month, or other period designated by us.

Restaurant: A restaurant operated under the Marks and System by you, by us, by our Affiliates (or by a third party under a franchise or license agreement with us, the terms of which may vary materially from those in this Agreement).

Royalty Fee: A fee paid by you to us at the times designated by us in the Brand Standards Manual, in accordance with Article 6.

Search Area: Defined in [Section 4.1.1](#).

Service Area: Defined in Section 4.5.

"Shall" when used in this Agreement (even if not capitalized) means must, mandatory, or other similar affirmative obligation, as the context requires.

Social Media: Any and all websites, apps and web or Internet pages for social interaction, business operation, Advertising, and other online information communications, whether now or later developed.

Successor Franchise Agreement: Defined in Section 5.2.2.

Supplements: Defined in Section 9.10.

System: A uniform system for the establishment and operation of Restaurants, Including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Authorized Menu; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training; trade secrets; methods of marketing and selling of food and related items and merchandise in a fast-casual restaurant environment as well as related items, prepared, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Restaurant, all of which we may change, improve, and further developed from time to time.

Term: Defined in Section 5.1.

Trade Dress: The decorative, non-functional components of a Restaurant that provide the establishment of a distinctive, memorable appearance.

Transfer: Defined in Section 15.2.

Unassigned Area: Defined in Section 4.4.

We, us, or our: Defined in the Recitals to the Agreement.

You or your: Defined in the Recitals to the Agreement.

ADDENDUM 1

INFORMATION CONCERNING FRANCHISEE AND THE FRANCHISED BUSINESS

A. IDENTITY AND STRUCTURE OF FRANCHISEE

You make the following additional warranties and representations:

You are a (check one):

☐ Partnership

☐ Corporation

☐ Sole Proprietorship

☐ Limited Liability Company

Name of your entity: _____

The state in which your entity was formed: _____

Date of formation: _____

EIN: _____

Address for Notices: _____

Attention: _____

Email Address: _____

The names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership, or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*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.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your corporate records are maintained is:

The name and address of the Operating Principal 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 Restaurant (Section 9.1):

Name: _____

Address: _____

Email: _____

Phone: _____

General Manager's Name (Section 9.1): _____

(ii) You must provide to us, at the same time you sign this Addendum, true and accurate copies of your Business Entity Documents.

(iii) You must promptly provide such additional information as we may from time to time request concerning all persons who may have any direct or indirect financial interest in you.

B. OTHER APPROVED BUSINESS INTERESTS (Section 16.4): We acknowledge that you currently own and operate other restaurants, which may partially (by no more than 20%) compete with HHC™ Restaurants, as listed below. We agree that your continued operation of these restaurants is not, and will not be, a violation of Sections 16.4 or 16.5 of the Agreement:

C. SEARCH AREA (Section 4.1.1) The Approved Location for your Restaurant has NOT yet been identified. We and you agree that the Search Area for your Restaurant will be as listed below, but you understand and agree that you will *not* receive any exclusive rights in the Search Area. Your exclusive rights in an area will only attach once you and we have agreed on the Approved Location and entered it in Item D of this Addendum, which you and we will do only after you receive our approval of the Approved Location.

D. YOUR APPROVED LOCATION AND PROTECTED AREA (Section 4.1.2) We and you have mutually agreed upon a Protected Area based on the site for your Restaurant which is indicated below. You acknowledge that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

(1) Approved Location for your Restaurant: The Approved Location for your Restaurant, as provided in Sections 3.1 and 3.2 of the Agreement, is:

(2) Protected Area: The Protected Area, as provided in Section 4.1 of the Agreement, is:

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. All changes to the above information must be reported to us in writing.

HHC FRANCHISING, LLC

FRANCHISEE

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 2

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “**Agreement**”) is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of HHC Franchising, LLC, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you.”

1. Acknowledgments.

a. Franchise Agreement; Franchisee. The term “**Franchisee**,” as used in this Agreement, is the party that entered, or is entering, into a franchise agreement with effective as of _____ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.

b. Owners’ Role. Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, Including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.

c. Your Access to Our Confidential Information. In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “Owners” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. System Protection Covenants. Considering your above acknowledgements, you covenant and agree to the following:

a. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than operating the HHC™ Restaurant operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee’s HHC™ Restaurant under the terms of the Franchise Agreement and Brand Standards Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, Including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the “**Prohibited Activities**”): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other

than owning an interest of 5% or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of three years after the termination of the Franchise Agreement or any successor to it (the "**Restricted Period**") not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within: (a) 15 miles of Franchisee's Protected Area; or (b) 15 miles of any other Restaurant that is then open or in development (the "**Restricted Territory**"). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be tolled and suspended for the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other HHC™ franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. Personal Guarantee. To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. Payment. Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. Waiver of Notice. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. Liability is Joint and Several. You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. Bankruptcy Filing. This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take

place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreement at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any Dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, Including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense, or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. Severability. Each section of this Agreement, Including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. Notice. You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to Include such other gender and number as the context may require. All captions in this Agreement are intended solely for

the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. Binding Effect. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary, for each Owner or spouse of an Owner)

Guarantor(s)'s Signature	Spouse Signature	Contact Information for Notice
By: _____	By: _____	_____
Name: _____	Name: _____	_____ _____
By: _____	By: _____	_____
Name: _____	Name: _____	_____ _____
By: _____	By: _____	_____
Name: _____	Name: _____	_____ _____
By: _____	By: _____	_____
Name: _____	Name: _____	_____ _____

ADDENDUM 3
Electronic Funds Transfer Authorization

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

BY AND BETWEEN HHC FRANCHISING, LLC
AND _____ ("DEPOSITOR")
EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby authorizes HHC Franchising, LLC ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below, and the depository designated below ("Depository") to debit such account pursuant to Company's instructions:

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Phone: _____

Routing Number: _____ Account Number: _____

Type of Account: Checking/Savings: _____

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor will have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor will have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights the Depositor may have under federal and state banking laws.

DEPOSITOR:

By: _____

Print Name: _____

Its: _____

Date: _____

ADDENDUM 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____ ("**Assignor**"), hereby assigns, transfers and sets over unto HHC Franchising, LLC, a Nevada limited liability company ("**Assignee**") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "**Lease**"), respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms of this Assignment of Lease and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest in the Lease and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby. Upon a default by Assignor under the Lease or a default or expiration under the Franchise Agreement by and between Assignor and Assignee for an HHC™ Restaurant (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its Affiliates, Assignee will have the right and is empowered to take possession of the premises demised by the Lease, expel Assignor from the Lease and premises, and, in such event, Assignor will have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal of or successor to it, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that any such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated in this Assignment of Lease, Assignor will and hereby does appoint Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

Assignee: HHC Franchising, LLC

Assignor: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 5

ADDENDUM TO LEASE

This Addendum to Lease ("**Addendum**"), dated _____, 20____, is entered into by and between _____ ("**Lessor**"), and _____ ("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum will control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum will be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated _____, 20____, and pertaining to the premises located at _____ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate an HHC™ franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with HHC Franchising, LLC ("**Franchisor**") under the name "HHC™" or other name designated by Franchisor (herein referred to as "**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee must agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached as Addendum 4: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate; (b) to a duly authorized franchisee of Franchisor; (c) in connection with a merger, acquisition, reorganization or consolidation; or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease will be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will be permitted to charge "additional rent" or "percentage rent" or other

charges to its franchisee as part of its regular plan of franchising, and Lessor will not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

- a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor must give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor must contemporaneously give Franchisor a copy of the notice. Franchisor will have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.
- b. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

HHC Franchising, LLC
4305 Dean Martin Drive, Suite 185
Las Vegas, NV, 89103

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

- c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which will be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment will be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect will be included in the Lease.

4. Termination or Expiration.

- a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the new franchisee agrees to assume Lessee's obligations and the Lease.
- b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the HHC™ marks and system, and to distinguish

the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor will permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

- a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Addendum 4.
- b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Radius Clause. The radius restriction set forth in the Lease, if any, is hereby deleted.

8. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee will have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the center in which the Premises are located (the "**Center**"), the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor will be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor will indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorney fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

9. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self-insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

10. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Center and has full right, power and authority to enter into this Lease; (ii) that the Center is in compliance with the Americans with Disabilities Act ("ADA"); (iii) that the permitted "use" of the Premises

does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Center and will maintain throughout the term of this Lease general liability insurance coverage for the Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Center in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein, Lessee will peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof must not be disturbed. Lessor covenants and agrees that Lessor will take no action that will interfere with Lessee's intended usage of the Premises. Lessor must indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Center, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification will survive expiration or termination of this Lease.

11. Mitigation. Lessor must use reasonable efforts to mitigate its damages in the event of a Lessee default.

12. Removal of Trade Dress/Personal Property. Lessor must permit Lessee 15 days from the termination or expiration of the Lease to remove Lessee's property. Lessor will permit Lessee to remove its Trade Dress within 15 days after the termination or expiration of the Lease or within 15 days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section 4, whichever later occurs.

13. Alterations. Lessor's consent will not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

14. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease will be valid unless made in writing and signed by the parties hereto.

15. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease will remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

16. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN WITNESS WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR: _____

LESSEE: _____

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 6
FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT

Welcome to the HHC™ team. Because you are becoming a part of the HHC™ franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by _____ (Legal Name of Franchisee) ("Franchisee"), which is an independent franchise owner in the HHC™ franchise system (which we call the "System"). Although Franchisee looks the same, has the same name, and is operated the same way as other HHC™ restaurants in the System, Franchisee is not part of the same company as those other HHC™ restaurants in the System. HHC Franchising, LLC is a completely separate company that owns the name and created the System. HHC Franchising, LLC has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise HHC™ restaurants look and operate the same way as one another. This way, HHC Franchising, LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own HHC™ restaurants.

It is important that you understand that Franchisee is your **only** employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. HHC Franchising, LLC is **not** your employer. If HHC Franchising, LLC representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all customers of HHC™ is the same at your place of work as it is at other HHC™ restaurants in the HHC system. The fact that you are trained, or given direction or advice, by HHC Franchising, LLC representatives does not somehow mean that HHC Franchising, LLC is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED,

DATE:

ADDENDUM 7
DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION ("Assignment") is made and entered into as of the Effective Date (defined below), by and between the undersigned Franchisee and HHC Franchising, LLC ("Franchisor").

RECITALS

WHEREAS, Franchisee has entered into a franchise agreement with ("Franchise Agreement"); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the HHC™ trademarks, trade names, trade dress, and other associated intellectual property (collectively, the "Marks") in conjunction with Franchisee's Restaurant; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

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

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Restaurant or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee's Facebook, Instagram, Tik-Tok, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, and the like (collectively the "Social Media Accounts"). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, Including providing all passwords and administrative access to such Social Media Accounts.

2. Franchisee hereby assigns and transfers, (or in Franchisor's sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on Advertising and Social Media Accounts, URL's, Internet sites, and web pages used in the Restaurant or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a "Listing" and collectively the "Listings").

3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:

- a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
- b. Franchisee shall not, after termination, transfer, or non-renewal of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.
- c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts and/or Listings.

- d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and/or Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed, and interpreted in accordance with the laws of the state of Nevada without giving effect to its conflicts of law provisions.

9. This Assignment 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.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed as of the date Franchisor's representative signs the Assignment in its signature block below ("Effective Date").

FRANCHISOR:

HHC Franchising, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____



**ADDENDUM 7
TO THE FRANCHISE AGREEMENT
STATE SPECIFIC ADDENDA**



ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA

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

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
2. 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.)
3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The franchise agreement requires binding arbitration. The arbitration will occur at Las Vegas, Nevada with the costs being borne by you for travel to, and lodging in, Las Vegas, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
6. The franchise agreement requires application of the laws of Nevada, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.
7. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Investment law and the California Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.
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. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.
10. Franchisees owning 10% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.
11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. Late Fees in Section 6.8 is amended to include the following: "The highest interest rate allowed in California is 10% annually."

13. Paragraph 3.2.2 is amended to remove the following language, "NEITHER OUR ASSISTANCE NOR APPROVAL IS INTENDED TO INDICATE, OR INDICATES, THAT YOUR RESTAURANT WILL BE PROFITABLE OR SUCCESSFUL AT THE APPROVED LOCATION."

14. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

16. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement as of _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISOR:

HHC Franchising, LLC

By: _____
(Signature)

Name: _____

Title: _____



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA**

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.

**WASHINGTON ADDENDUM TO THE
FRANCHISE AGREEMENT, STATEMENT OF PROSPECTIVE FRANCHISEE,
AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

Section 19.3 of the franchise agreement is here by amended as follows:

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 (subject to state law).

Section 2 of the Form General Release Agreement (Exhibit "F" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20____.

FRANCHISOR:
HHC FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

INDIVIDUALS:

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____



HHC Franchising, LLC

EXHIBIT C

Multi-Unit Development Agreement



MULTI-UNIT DEVELOPMENT AGREEMENT BETWEEN

**HHC Franchising, LLC
4305 Dean Martin Drive, Suite 185
Las Vegas, NV, 89103
And**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. GRANT OF MULTI-UNIT DEVELOPMENT RIGHT	1
1.1 Grant of Multi-unit development Right	1
1.2 Exclusivity	2
ARTICLE 2. YOUR DEVELOPMENT OBLIGATION	2
2.1 Development Obligation	2
2.2 Timing of Execution of Leases and Franchise Agreements	3
ARTICLE 3. YOUR FAILURE TO SATISFY DEVELOPMENT OBLIGATION	3
ARTICLE 4. TERM OF MULTI-UNIT DEVELOPMENT AGREEMENT.....	3
4.1 Term	3
4.2 Effect of Expiration or Termination	3
ARTICLE 5. FEES	3
5.1 Multi-Unit Development Fee	3
5.2 Initial Franchise Fees	4
ARTICLE 6. TRAINING	4
ARTICLE 7. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS	4
7.1 Delivery of FDD, Execution of Lease and Franchise Agreement	4
7.2 Conditions Precedent to our Obligations.....	5
ARTICLE 8. ASSIGNMENT AND SUBFRANCHISING	5
8.1 Assignment by Us	5
8.2 No Subfranchising by You	5
8.3 Assignment by You	5
ARTICLE 9. NON-COMPETITION; CONFIDENTIALITY	7
9.1 Non-Competition	7
9.2 Confidentiality	7
9.3 Non-Solicitation	8
9.4 Specific Performance	8
ARTICLE 10. TERMINATION.....	8
10.1 Assignment Without Consent.	8
10.2 Failure to Satisfy Development Obligation.	9
10.3 Failure to Pay Fees.....	9
10.4 Opening Restaurants Without Our Consent.	9
10.5 Refusal to Comply With Restrictive Covenants.	9
10.6 Failure to Cure Default Under Individual Franchise Agreement.	9
10.7 Failure to Cure Any Other Default After 30 Days' Notice.....	9
ARTICLE 11. GENERAL CONDITIONS AND PROVISIONS	9
11.1 Our Relationship to You	9
11.2 Indemnity by You.....	10
11.3 No Consequential Damages For Legal Incapacity	10
11.4 Waiver and Delay.....	10
11.5 Survival of Covenants	10
11.6 Successors and Assigns.....	10
11.7 Joint and Several Liability	10
11.8 Governing Law.....	11
11.9 Titles for Convenience	11
11.10 Gender and Construction.....	11
11.11 Severability, Modification	11

11.12	Counterparts	11
11.13	Fees and Expenses.....	12
11.14	Notices	12
11.15	Dispute Resolution	12
11.16	Entire Agreement	13
ARTICLE 12. YOU, YOUR OWNERS, AND YOUR BUSINESS ENTITY		13
12.1	Business Entity Information	13
12.2	Operating Principal	13
12.3	Business Practices.....	13
You represent, warrant, acknowledge, understand, and agree that:.....		13
ARTICLE 13. ACKNOWLEDGMENTS		14

ADDENDUMS

Addendum 1 Information Concerning Franchisee;
Addendum 2 Development Area
Addendum 3 Development Obligation

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS **MULTI-UNIT DEVELOPMENT AGREEMENT** is entered into on the Effective Date between HHC Franchising, LLC, a Nevada limited liability company ("**we**," "**us**," or "**our**"), and the person or legal entity identified in **Addendum 1** to this Agreement ("**you**" or "**your**").

Introduction: This Multi-unit development agreement

This multi-unit development agreement ("**Agreement**") is written in a conversational tone to make it easier to read. In the context of the Agreement, HHC Franchising, LLC is referred to as "**we**," or "**us**," and when we refer to things we own or obligations we have, as the context requires, we use the word "**our**." The person or legal entity that signs this Agreement is referred to as "**you**," and the obligations you have or the things you own are referred to (as the context requires) as "**your**." When we refer to "**you**" or "**your**," we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners have to us.

In this Agreement, we sometimes capitalize the words we use. These are called "defined terms," and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of this Agreement, in the **Appendix**, we have included a Glossary of Terms to help you easily locate the definition of a defined term. Additionally, unless otherwise clearly required by the context, when used in this Agreement, all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporarily with this Agreement.

Unless we state otherwise, all Section or Article references refer to the corresponding Sections or Articles in this Agreement.

RECITALS

A. We own a uniform System for the development, establishment, operation and maintenance of fast-casual restaurants served in an inviting, comfortable, modern atmosphere under the Marks (each a "**Restaurant**" and more than one, the "**Restaurants**").

B. We want to expand and develop the Restaurants in the Development Area, and you wish to open and operate Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

The parties therefore agree as follows:

ARTICLE 1. GRANT OF MULTI-UNIT DEVELOPMENT RIGHT

1.1 Grant of Multi-Unit Development Right

(a) Upon the terms and subject to the conditions of this Agreement, we grant to you, and you accept, the right and obligation to open Restaurants solely in the Development Area as identified in **Addendum 2** ("**Development Area**") in accordance with the development schedule and development obligations identified in **Addendum 3** ("**Development Obligation**"). An increase or decrease in the size of the cities, counties or political subdivisions, if any will have no effect on the Development Area as it is described in **Addendum 1**.

(b) No right or license is granted to you to use any Marks, trade dress or designs owned by us or any Affiliate, which right and license can only be granted under a Franchise Agreement.

Each Restaurant must be operated according to the terms of an individual Franchise Agreement. Nothing in this Agreement permits you to own or operate a Restaurant, except under a (separate) valid Franchise Agreement with us. You must not use the Marks in any manner or for any purpose (Including in connection with any offering of securities or any request for credit) without our prior express written approval.

1.2 Right of First Refusal

(a) During the Term, except as stated in **Section** Error! Reference source not found.(b), if we receive notice from a prospective franchisee that has interest to purchase an HHC® franchise within the Development Area, or we or an affiliate desire to open an HHC® unit within the Development Area, we will provide you with written notice of the proposed general vicinity of the proposed location. After receiving such notice, you will then have 30 days to exercise your option by signing our then-current franchise agreement for that unit. Any unit developed in the Development Area other than by you (and other than Non-Traditional Locations whether or not developed by you) will not count towards your Development Obligation. If you do not exercise your option when an opportunity is presented to you, you will still have the right to develop the number of units set forth in and in accordance with your Development Obligation (assuming you meet your Development Obligation deadlines), but it is possible that you would have to look outside of the Development Area to open one or more units if your Development Area does not have room for more units.

(b) We reserve all other rights, Including the exclusive, unrestricted right, in our discretion, directly and indirectly, through our employees, Affiliates, representatives, licensees, franchisees, assigns, agents and others to:

(i) Use, and to franchise or license other persons to use, the Marks and System for the operation of Restaurants or any other businesses that are similar or dissimilar to your Restaurant anywhere outside of the Development Area.

(ii) Use, franchise and license other third parties to use, the Marks and System for the operation of Restaurants at any Non-Traditional Location, even if it or they are inside of the Development Area.

(iii) Use, license and franchise the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, anywhere inside or outside of the Development Area, in association with operations that are similar to or different from Restaurants.

(iv) Offer or sell Authorized Products or Services, or grant others the right to offer Authorized Products or Services, whether using the Marks or other trademarks or service marks, through channels of distribution that are different from Restaurants, Including, wholesalers, grocery stores, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Development Area.

(v) Maintain any websites utilizing a domain name incorporating the Marks or derivatives. We retain the sole right to Advertise on the Internet and use the Marks on the Internet, Including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

(vi) Acquire, merge, combine with or be acquired by businesses that are the same as or similar to Restaurants and operate such businesses regardless of where such businesses are located, Including inside the Development Area, and to be acquired by any third party which operates businesses that are the same as, or similar to, Restaurants,

regardless of where such businesses are located, Including inside the Development Area. We will not, however, re-brand any such businesses that are located inside the Development Area by allowing them to use the Marks while this Agreement is in effect or in a Protected Area we grant you pursuant to individual Franchise Agreements after this Agreement is terminated.

ARTICLE 2. YOUR DEVELOPMENT OBLIGATION

2.1 Development Obligation

Within each Development Period specified in Addendum 3, you must construct, equip, open, and thereafter continue to operate not less than the cumulative number of Restaurants required by the Development Obligation for that Development Period. If you open and operate a Restaurant at a Non-Traditional Location, it will not count towards your Development Obligation. You may not construct, equip, open, or operate more than the total number of Restaurants comprising the Development Obligation without our written permission.

2.2 Development Contingencies

Your ongoing development rights will also be contingent upon you not being in default of your then-current Franchise Agreements and achieving a passing A-grade score on all internal and external audits for the operation of your Restaurants, including food handling and safety audits within the then-previous six months and in maintaining at least a 4-star rating on our designated review platforms including reviews from secret shoppers.

2.3 Timing of Execution of Leases and Franchise Agreements

On or before the date which is 180 days before the end of each Development Period, you must have executed (in accordance with this Agreement) a lease (or purchase agreement) and Franchise Agreement and paid the required Initial Franchise Fee, for that Restaurant which is required to be constructed, equipped, opened, and operated by the end of such Development Period.

ARTICLE 3. YOUR FAILURE TO SATISFY DEVELOPMENT OBLIGATION

If you are unable or unwilling or fail for any reason to satisfy the Development Obligation before the expiration of an applicable Development Period, this Agreement will automatically terminate upon our notice to you. Upon such termination, we have the right to open and operate, or license others (or grant others rights to) open and operate, Restaurants anywhere within the Development Area, excluding only Protected Area(s) we grant you pursuant to individual Franchise Agreements for each then-existing Restaurant located in the Development Area.

ARTICLE 4. TERM OF MULTI-UNIT DEVELOPMENT AGREEMENT

4.1 Term

Unless we terminate this Agreement earlier for cause, the term of this Agreement commences on the Effective Date and will continue until the earlier of: (a) the end of the last Development Period listed on Addendum 3; or (b) the date you execute the Franchise Agreement granting you the right to open the last Restaurant necessary for you to fully satisfy the Development Obligation (the “**Term**”).

4.2 Effect of Expiration or Termination

Following the expiration of the Term or the sooner termination of this Agreement: (a) you will have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then-existing Franchise Agreement between you and us which is then in full force and effect; and (b) we or our Affiliates may thereafter construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Restaurants at any location(s) (within or outside of the Development Area), without any restriction, subject only to any Protected Area rights granted for any then-existing Restaurant pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

ARTICLE 5. FEES

5.1 Multi-Unit Development Fee

Concurrently with the execution of this Agreement, you shall pay to us, in cash or by certified check, the Multi-Unit Development Fee of \$50,000 for each unit to be developed pursuant to your Development Obligations. This fee will cover the initial franchise fees for each unit that you open pursuant to your Development Obligation and is payable in three installments. The first installment is \$50,000 for the first unit plus \$25,000 for each additional unit to be developed and is paid at the time of signing this Agreement. The second installment is 25% of the remaining balance and is due on the first anniversary of signing this Agreement. And the third installment is the remaining 25% and is due on the second anniversary of signing this Agreement.

ARTICLE 6. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

6.1 Delivery of FDD, Execution of Lease and Franchise Agreement

(a) Subject to **Section 6.2(a)**, you must sign our then-current Franchise Agreement for each unit as developed. You understand that the Franchise Agreement may vary substantially from our current Franchise Agreement. If we are not legally able to deliver a required FDD to you, we may delay delivery until we are legally able to do so.

(b) You may not execute any lease or purchase agreement for any Restaurant until after we have delivered to you a fully-executed Franchise Agreement. Your obligations to locate, lease, and construct the Restaurant will be governed by the timelines stated in that Franchise Agreement, except that the "Commencement Deadline" for opening and commencing operation of the Restaurant will be the last day of the applicable Development Period, and not the one listed in that Franchise Agreement.

6.2 Conditions Precedent to our Obligations

Your right to open and operate each and every Restaurant is conditioned upon your having satisfied all of the following conditions precedent:

(a) You must have fully performed all your obligations under this Agreement and all Franchise Agreements and other written agreements between us and you, and must not be in default of any of your obligations to us or any of our Affiliates, to any of your landlords, or to any federal, state, county or municipal agency.

(b) The cumulative number of Restaurants in the Development Area required by the Development Obligation stated in **Addendum 3** must continue to be in operation as of the end of the immediately preceding Development Period.

ARTICLE 7. ASSIGNMENT AND SUBFRANCHISING

7.1 Integration of Assignment Provisions

Article 15 of the Franchise Agreement of the first Franchise Agreement you sign with us, for the first Restaurant you develop under your Development Obligation applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as "Restaurant" and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement and the business of developing units as set forth herein. However, the transfer fee to Transfer this Agreement is \$5,000 per undeveloped franchise, plus the franchise fee for each active franchise agreement transferred, as set forth in the applicable Franchise Agreement.

7.2 No Subfranchising by You

You may not offer, sell, or negotiate the sale of System franchises to or with any third party, either in your own name or in the name and/or on our behalf, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement.

ARTICLE 8. NON-COMPETITION; CONFIDENTIALITY

8.1 Integration of the Franchise Agreement

Article 16 of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as "Restaurant" and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement and the business of developing units as set forth herein. Additionally, the non-competition restrictions and distances are 10 miles from your Development Area apply to Your Development Area and 15 miles from any other Restaurant. However, you will still be able to operate a Restaurant in the Development Area in those territories for which you are allowed to operate under an active Franchise Agreement.

8.2 Specific Performance

In view of the importance of the Marks and the incalculable and irreparable harm that would result to us, to the System, to the Restaurants, and to the Marks in the event of a default under this **ARTICLE 8** the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity.

ARTICLE 9. TERMINATION

We will have the right to terminate this Agreement immediately, without providing you any opportunity to cure, upon the occurrence of any of the following events:

9.1 Assignment Without Consent.

Any Assignment or attempted Assignment in violation of the terms of **Section 7.2 or** Error! Reference source not found., or without the written consents required pursuant to this Agreement; provided, however: (1) if you are an individual, upon prompt written request following your death or legal incapacity, we will allow a period of up to three months after such death or legal incapacity for your heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain our consent to the Assignment of your rights and interests in this Agreement to Heir(s) or another person acceptable to us; or (2) if you are a Business Entity, upon prompt written request following the death or legal incapacity of an Owner, directly or indirectly, owning 20% or more of the Equity or voting power of you, we will allow a period of up three months after such death or legal incapacity for his or her Heir(s) to seek and obtain our consent to the Assignment of such Equity to the Heir(s) or to another person or persons acceptable to us. If, within said three-month period, said Heir(s) fail to receive or attempt to receive our consent, then this Agreement will immediately terminate at our election.

9.2 Failure to Satisfy Development Obligation.

Subject to **Section 2.2**, your failure to satisfy the Development Obligation within any applicable Development Period.

9.3 Failure to Pay Fees.

Your failure to pay any fee in a manner required by this Agreement or any other agreement between us (or our Affiliates) and you (or your Affiliates), subject to any applicable cure period.

9.4 Opening Restaurants Without Our Consent.

Your opening of any Restaurant in the Development Area except in accordance with the procedures listed in **Sections 6.1** through **6.2**.

9.5 Refusal to Comply With Restrictive Covenants.

Your failure to fully comply with the requirements of **Article 8**.

9.6 Failure to Cure Default Under Individual Franchise Agreement.

You commit a default of any other agreement between you (or your Affiliates) and us (and our Affiliates), Including any individual Franchise Agreement, which default remains uncured after the expiration of any applicable cure period.

9.7 Failure to Cure Any Other Default After 30 Days' Notice

You commit any default of this Agreement not specifically identified in **Sections 9.1** through **9.6** within 30 days of our sending to you written notice of the default.

ARTICLE 10.
GENERAL CONDITIONS AND PROVISIONS

10.1 Our Relationship to You

You and we expressly agree that you and we intend by this Agreement to establish between us and you the relationship of franchisor and franchisee. You further agree that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent from the other. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees or independent contractors hired by or working for you must be your employees or independent contractors and must and will not, for any purpose, be deemed our employees or subject to our control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party of and from any liability of any nature whatsoever by virtue thereof. Neither party will have the power to bind or obligate the other except specifically as set forth in this Agreement. We and you agree that the relationship created by this Agreement is one of independent contractors and not a fiduciary relationship. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

10.2 Indemnity by You

You agree to protect, defend and indemnify us, and all of our past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, Including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with your construction, development or operation of Restaurants under this Agreement, except to the extent caused by our gross negligence or willful misconduct. The terms of this **Section 10.2** will survive the termination, expiration, cancellation, or Assignment.

10.3 No Consequential Damages For Legal Incapacity

We will not be liable to you for any consequential damages, Including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by you by reason of any delay in our delivery of our FDD, or other conduct not due to our gross negligence or intentional misfeasance. Your sole remedy under those circumstances will be an extension of the applicable Development Period.

10.4 Waiver and Delay

No waiver by us of any default or defaults, or series of defaults in your performance, and no failure, refusal or neglect by us to exercise any right, power or option given to us under this Agreement or under any Franchise Agreement or other agreement between us (or our Affiliates) and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to Restaurants), or to insist upon strict compliance with or performance of your obligations under this Agreement or any Franchise Agreement or other agreement between us and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Restaurants), can constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent default or a waiver by

us of our right at any time thereafter to require exact and strict compliance with the provisions of this Agreement.

10.5 Survival of Covenants

The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the expiration or other termination, cancellation, or Assignment for any reason whatsoever.

10.6 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to the benefit of you and your Heirs, executors, administrators, and their successors and assigns, subject to this Agreement's prohibitions and restrictions against Assignment.

10.7 Joint and Several Liability

If you consist of more than one person or Business Entity, or a combination thereof, the obligations and liabilities of each such person or Business Entity to us are joint and several, and such person(s) or Business Entities will be deemed to be a general partnership.

10.8 Titles for Convenience

Article and paragraph titles used in this Agreement are for convenience only and may not be deemed to affect the meaning or construction of any part of this Agreement.

10.9 Gender and Construction

The terms of all Addendums to this Agreement are incorporated into and made a part of this Agreement as if they had been set forth in full in this Agreement. All terms used in any one number or gender will also mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. Unless this Agreement specifically states otherwise, any consent, approval, acceptance or authorization by us which you may be required to obtain may be given or withheld by us in our sole discretion, and on any occasion where we are required or permitted in this Agreement to make any judgment, determination or use our discretion, including any decision as to whether any condition or circumstance meets our standards or satisfaction, we may do so in our sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in it can be construed against us as the drafter, whether under any rule of construction or otherwise. You agree that this Agreement has been reviewed by all parties and will be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish our and your purposes and intentions. We and you intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will be given the meaning that renders it enforceable.

10.10 Severability, Modification

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

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

10.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

10.12 Fees and Expenses

If we or you commence any action or proceeding for the purpose of enforcing, or preventing the default of, any provision of this Agreement, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged default of any provision of this Agreement, or for a declaration of such party's rights or obligations under it, then the losing party must reimburse the prevailing party for all costs and expenses incurred in connection with the arbitration, judicial or quasi-judicial action, including reasonable attorneys' fees for the services rendered to such prevailing party. In the event of a default by you, you must pay us all of our costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of our administrative employees within five days after cure or upon demand by us.

10.13 Notices

Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties under this Agreement will be deemed so delivered at the time delivered by hand; one business day after electronically confirmed transmission by facsimile or other electronic system; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to us: HHC Franchising, LLC
4305 Dean Martin Drive, Suite 185
Las Vegas, NV, 89103

If to you: The address identified on **Addendum 1**.

or to such other address as a party designates by 10 days' advance written notice to the other party.

10.14 Governing Law; Dispute Resolution

Article 19 of the first Franchise Agreement you sign with us, for the first Restaurant you develop under your Development Obligation, will control any and all disputes between you and us under this Agreement. The terms of **Articles 8 and 10** of this Agreement will survive termination, expiration or cancellation of this Agreement.

10.15 Entire Agreement

This Agreement and the Addendums incorporated into it contain all of the terms and conditions agreed upon by the parties concerning their subject matter. No other agreements concerning the subject matter of this Agreement, written or oral, will be deemed to exist or to bind you or us and all prior agreements, understandings and representations, are merged in this Agreement and superseded by it. No officer, employee or agent of us has any authority to make any representation or promise not included in this Agreement or the FDD, and you agree that you have executed this Agreement without reliance upon any such representation or promise. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the FDD.

(Including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to in writing by you and us, and executed by your and our authorized officers or agents.

ARTICLE 11. YOU, YOUR OWNERS, AND YOUR BUSINESS ENTITY

11.1 Business Entity Information

If you are a Business Entity, you represent and warrant that the information set forth in **Addendum 1** is accurate and complete in all material respects. You must notify us in writing within 10 days of any change in the information set forth in **Addendum 1**, and you must submit to us a revised **Addendum 1**, which must be certified by you as true, correct and complete. Your Business Entity Documents, and any share, membership or ownership certificates, must recite that the issuance and transfer of any interest in you is subject to the restrictions set forth in the Agreement and any Franchise Agreement you execute.

11.2 Operating Principal

If you are a Business Entity, you must at all times have appointed an Operating Principal acceptable to us. The Operating Principal must be an owner of the Business Entity and will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning this Agreement and all of the Restaurants that you develop as part of this Agreement. The Operating Principal will have the full authority to act on your behalf in regard to performing, administering or amending this Agreement and all Franchise Agreements executed as a result of your exercising your rights under this Agreement. The Operating Principal may, in our discretion, be the same person as an Operating Principal of one of your Restaurants. We may, but are not required to, deal exclusively with the Operating Principal in such regards unless and until we actually receive written notice from you of the appointment of a successor Operating Principal that has been approved by us.

11.3 Business Practices

You represent, warrant, acknowledge, understand, and agree that:

(a) Neither you nor any of your Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, Including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("**Patriot Act**") and any amendments or successors to the Patriot Act.

(b) Neither you, nor any of your Owners, or your or your Owners' employees is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control (currently, this list is published under the internet website address www.treasury.gov/offices/enforcement/ofac/). You are neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any of your Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event that renders the representations and warranties of this paragraph incorrect.

(c) You have been advised by legal counsel on the requirements of the applicable laws referred to above, Including the United States Foreign Corrupt Practices Act, any local foreign

corrupt practices laws and the Patriot Act, and you acknowledge the importance to us, the System and the parties' relationship of their respective compliance with any requirement to report or provide access to information to us or any government that is made part of Applicable Law. You must take all reasonable steps to require your consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

**ARTICLE 12.
ACKNOWLEDGMENTS**

You affirm that all information set forth in any and all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness and accuracy of that information.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

FRANCHISOR: HHC FRANCHISING, LLC

FRANCHISEE: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

APPENDIX

GLOSSARY OF TERMS

Advertising or Advertise: Includes marketing, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party, Including parent, subsidiary or affiliated companies.

Agreement: Defined in the introductory section.

Applicable Law: Includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, Including all labor, immigration, disability, health, safety, food and drug laws and regulations, as in effect on the Effective Date, and as may be amended, supplemented or enacted from time to time.

Assignment: Defined in **Section** Error! Reference source not found..

Authorized Services and Products: The specific products and services that are specified by us from time to time in the Brand Standards Manual, or as otherwise directed by us in writing, for sale at Restaurants, offered or sold in strict accordance with our standards and specifications.

Brand Standards Manual: The primary source of information regarding the System and the construction and operation of a Restaurant, which Includes our operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, Including all bulletins, supplements and ancillary and additional manuals and written directives established by us and amended from time to time.

Business Entity: A corporation, a general or limited Partnership or a limited liability company.

Business Entity Documents: Your charter documents Including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to any of them.

Competitive Activities: To own, operate, lend to, advise, be employed by, or have any financial interest in any Competitive Business.

Competitive Business: Any business where the sale of chicken-based products account for 20% or more of the projected or actual sales, or a business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products that are the same as or similar to those provided by Restaurants or in which Intellectual Property or other Confidential Information could be used to the disadvantage of us, any of our Affiliates, or Restaurant, other than a franchise operated under a franchise agreement with us. A "Competitive Business" will not Include a Restaurant operated under a franchise agreement with us, or a business or businesses that is or are approved by us in writing because we have deemed that its or their operations do not compete with Restaurants by more than 20%, as set forth in **Addendum 1**.

Development Area: The geographic area defined or identified in **Addendum 1**.

Development Period: Each of the time periods indicated on **Addendum 3** during which you have the right and obligation to construct, equip, open and continue to operate Restaurants in accordance with the Development Obligation.

Development Obligation: Your right and obligation to construct, equip, open and continue to operate at sites within the Development Area the cumulative number of Restaurants identified in **Addendum 3** within each Development Period and, if applicable, within the geographic areas specified in that Addendum.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

Equity: Capital stock, membership interests, Partnership Rights or other ownership interests of a Business Entity.

Franchise Agreement: The form of agreement prescribed by us and used to grant to you the right to own and operate a single Restaurant in the Development Area, Including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

Franchise Disclosure Document or FDD: Defined in **Section 6.1(a)**.

Governmental Authority: All Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

Heirs: Defined in **Section 9.1**.

Including or Includes: means "Including but not limited to," "Including, without limitation," and similar all-inclusive and non-exhaustive meanings

Initial Franchise Fee: Defined in **Section** Error! Reference source not found..

Marks: Certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, Including the mark "Houston's Hot Chicken®" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (Including designs and specifications and the motif, decor, and color combinations for Restaurants), and all other visual identification, as are now designated, and may later be designated by us, for use in connection with the System.

Non-Traditional Location: A Restaurant location that is a transportation facility, urban office building, supermarket, sporting facility, travel plaza, institutional feeding facility, government institution or facility, shopping mall, educational facility, casino, resort property, amusement park, military facility, and other similar locations.

Operating Principal: President, manager or authorized representative, who is an Owner of you, and accepted by us (and until subsequently disapproved by us), to serve as the authorized representative of you, who you acknowledge and agree will act as your representative, and will have the authority to act on your behalf during the Term.

Owner: Any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of a Business Entity, except, that if we or any of our Affiliates have any ownership interest in you, the term "Owner" will not Include or refer to us or that Affiliate or our or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon you, or your Owners will bind us, said Affiliate(s) or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

Partnership: Any general partnership, limited partnership or limited liability partnership.

Partnership Rights: Voting power, property, profits or losses, or partnership interests of a Partnership.

Purchase Option: Defined in **Section** Error! Reference source not found..

Restaurant or Restaurants: Defined in **Recital A**.

Restricted Persons: You, and each of your Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

System: A uniform system for the establishment and operation of Restaurants, Including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Authorized Menu; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; Advertising and promotional techniques; personnel training; trade secrets; methods of operating a fast-casual restaurant with foods and related items prepared, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Restaurant, all of which we may change, improve, and further developed from time to time.

Term: Defined in **Section 4.1**.

Then-current: The form of Franchise Disclosure Document, multi-unit development agreement, or Franchise Agreement then-currently provided by us to similarly situated prospective franchisees, or if not then being so provided, then such form selected by us in our discretion which previously has been delivered to and executed by a licensee or franchisee of us.

Trade Secrets: Defined in **Section** Error! Reference source not found..

ADDENDUM 1
INFORMATION CONCERNING FRANCHISEE AND THE MULTI-UNIT TERRITORY

A. IDENTITY AND STRUCTURE OF FRANCHISEE

You make the following additional warranties and representations:

You are a (check one):

- | | |
|--|--|
| ☐ Partnership | ☐ Corporation |
| ☐ Sole Proprietorship | ☐ Limited Liability Company |

Name of your entity: _____

The state in which your entity was formed: _____

Date of formation: _____

EIN: _____

Address for Notices: _____

Attention: _____

Email Address: _____

The names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership, or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*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.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your corporate records are maintained is:

The name and address of the Operating Principal 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 Restaurant (Section 9.1):

Name: _____

Address: _____

Email: _____

Phone: _____

Business Entity Documents and Ownership

(i) You must provide to us, at the same time you sign this Addendum, true and accurate copies of your Business Entity Documents.

(ii) You must promptly provide such additional information as we may from time to time request concerning all persons who may have any direct or indirect financial interest in you.

B. Other Approved Business Interests. (If applicable) We acknowledge that you currently own and operate other restaurants, which may partially (by no more than 20%) compete with Houston's Hot Chicken® Restaurants, as listed below. We agree that your continued operation of these restaurants is not, and will not be, a violation of Section **Error! Reference source not found.** of the Agreement:

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

FRANCHISOR: HHC FRANCHISING, LLC

FRANCHISEE: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 2
DEVELOPMENT AREA

The Development Area will consist of the following area:

Our approval of the Development Area or a location within the Development Area is not a guarantee or a warranty of the potential success of the Development Area or a location.

SCHEDULE "2-A"

MAP OF THE DEVELOPMENT AREA

ADDENDUM 3
DEVELOPMENT SCHEDULE AND DEVELOPMENT OBLIGATION

NUMBER OF RESTAURANTS TO OPEN DURING THE DEVELOPMENT PERIOD	DEVELOPMENT PERIOD ENDING	CUMULATIVE NO. OF RESTAURANTS TO BE IN OPERATION
____ Restaurants		____ Restaurants
____ Restaurants		____ Restaurants
____ Restaurants		____ Restaurants
____ Restaurants		____ Restaurants
____ Restaurants		____ Restaurants

ADDENDUM 4
TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
STATE SPECIFIC ADDENDA

**ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA**

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

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the area development agreement contains a provision that is inconsistent with California law, California law controls.
2. The multi-unit development 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.)
3. The multi-unit development agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. The multi-unit development agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The multi-unit development agreement requires binding arbitration. The arbitration will occur at Las Vegas, Nevada with the costs being borne by you for travel to, and lodging in, Las Vegas, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of an area development agreement restricting venue to a forum outside the State of California.
6. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.
7. 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).
8. The multi-unit development agreement provides for waiver of a jury trial. This may not be enforceable in California.
9. Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
11. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

12. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

13. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

14. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

**ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS**

Illinois Law governs the multi-unit development agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an multi-unit development agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisor and Area Developer have respectively signed and sealed this Multi-Unit Developer Agreement as of _____.

FRANCHISEE:

By:

(Signature)

Name:

Title:

FRANCHISOR:

HHC Franchising, LLC

By:

(Signature)

Name:

Title:

**ADDENDUM TO THE MULTI-UNIT DEVELOPER AGREEMENT
FOR THE STATE OF VIRGINIA**

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.

ADDENDUM TO THE MULTI-UNIT DEVELOPER AGREEMENT FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the multi-unit development agreement in your relationship with the franchisor including the areas of termination and renewal of your multi-unit development agreement. There may also be court decisions which may supersede the multi-unit development agreement in your relationship with the franchisor including the areas of termination and renewal of your multi-unit development agreement.

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

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20____.

FRANCHISOR:

HHC FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

AREA DEVELOPER:

By: _____
(Signature)

Name: _____

Title: _____

INDIVIDUAL(S):

Print Name: _____

Print Name: _____

HHC Franchising, LLC

EXHIBIT D

Financial Statements

Audited Financial Statements dated December 31, 2023

Audited Financial Statements dated December 31, 2022



HOUSTON'S HOT CHICKEN
FRANCHISING, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023, AND 2022



HOUSTON’S HOT CHICKEN FRANCHISING, LLC

Table of Contents

	<u>Page</u>
Independent auditor’s report	3
Balance sheets	5
Statements of operations	6
Statements of members’ equity (deficit)	7
Statements of cash flows	8
Notes to the financial statements.....	9 - 12

Report of Independent Auditors

To the Members
Houston's Hot Chicken Franchising, LLC
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Houston's Hot Chicken Franchising, LLC, which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Houston's Hot Chicken Franchising, LLC as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar & Dunlavy

St. George, Utah
May 24, 2024

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

BALANCE SHEETS

As of December 31, 2023, and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,313	\$ 6,824
Accounts receivable	32,093	-
Inventory	37,253	-
Contract assets, current	71,978	9,500
Due from affiliate	1,364,694	893,943
Total current assets	<u>1,507,331</u>	<u>910,267</u>
Contract assets, non-current	<u>73,933</u>	<u>83,000</u>
Total assets	<u>\$ 1,581,264</u>	<u>\$ 993,267</u>
Liabilities and Member's Equity (Deficit)		
Current liabilities		
Accrued expenses	\$ 56,928	\$ 165,443
Deferred revenue, current	620,000	400,700
Total current liabilities	<u>676,928</u>	<u>566,143</u>
Deferred revenue, non-current	<u>1,075,000</u>	<u>820,000</u>
Total liabilities	<u>1,751,928</u>	<u>1,386,143</u>
Member's equity (deficit)	<u>(170,664)</u>	<u>(392,876)</u>
Total liabilities and member's equity	<u>\$ 1,581,264</u>	<u>\$ 993,267</u>

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

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2023, and 2022

	<u>2023</u>	<u>2022</u>
Operating revenue		
Franchise fees	\$ 400,000	\$ 100,000
National brand and royalty fees	604,872	97,347
Equipment and merchandise sales	236,316	177,778
Total operating revenue	<u>1,241,188</u>	<u>375,125</u>
 Cost of goods sold	 <u>197,045</u>	 <u>187,748</u>
Gross profit	1,044,143	187,377
 Operating expenses		
General and administrative	466,612	439,104
Professional fees	105,547	72,423
Marketing and advertising	249,772	23,726
Total operating expenses	<u>821,931</u>	<u>535,253</u>
 Net income (loss)	 <u><u>\$ 222,212</u></u>	 <u><u>\$ (347,876)</u></u>

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

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

STATEMENTS OF MEMBER'S EQUITY (DEFICIT)

For the years ended December 31, 2023, and 2022

Balance as of January 1, 2022	\$ -
Member contributions	50,000
Member distributions	(95,000)
Net loss	<u>(347,876)</u>
Balance as of December 31, 2022	<u>(392,876)</u>
Net income	<u>222,212</u>
Balance as of December 31, 2023	<u><u>\$ (170,664)</u></u>

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

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023, and 2022

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Net income (loss)	\$ 222,212	\$ (347,876)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(32,093)	-
Inventory	(37,253)	-
Contract assets	(53,411)	(92,500)
Due from affiliate	(470,751)	(893,943)
Accrued expenses	(108,515)	165,443
Deferred revenue	474,300	1,220,700
Net cash provided by (used in) by operating activities	<u>(5,511)</u>	<u>51,824</u>
Cash flows from financing activities:		
Member contributions	-	50,000
Member distributions	-	(95,000)
Net cash provided by (used in) financing activities	<u>-</u>	<u>(45,000)</u>
Net change in cash and cash equivalents	(5,511)	6,824
Cash at the beginning of the year	<u>6,824</u>	<u>-</u>
Cash at the end of the year	<u>\$ 1,313</u>	<u>\$ 6,824</u>

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

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023, AND 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Houston's Hot Chicken Franchising, LLC ("the Company"), was organized as a limited liability company under the laws of the State of Nevada in November 2021. The Company sells franchises which offer fried chicken sandwiches and chicken tenders seasoned with proprietary spices, french fries, salads, and related food and drink items served in a new age, hipster atmosphere under the name "Houston's Hot Chicken". The Company has developed a proprietary system for establishing, operating, managing, and marketing the above services.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

Management of the Company will make a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, and 2022, the Company had cash and cash equivalents of \$1,313, and \$6,824, respectively.

(e) Accounts Receivable

Accounts receivables are recorded for amounts due based on the terms of executed franchise agreements for royalty fees, and brand fund fees. Accounts receivables are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2023, and 2022, the Company had net accounts receivable of \$32,093, and \$0. As of December 31, 2023 and 2022, the Company had no allowance for doubtful accounts.

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023, AND 2022

(f) Inventory

Inventory is stated at the lower of cost (on an average cost basis) or market. Inventory consists of restaurant equipment re-sold to franchisees. Inventory on hand is evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. As of the years ended December 31, 2023, and 2022, no inventory reserve was deemed necessary by management. Total inventory on hand as of December 31, 2023, and 2022 was \$37,253, and \$0, respectively.

(g) Accrued Expenses

The Company's accrued expenses consist of accrued sales tax and an accrual related to defending a trademark matter that was settled in 2023. There was no additional exposure related to the trademark matter at December 31, 2023. As of December 31, 2023, and 2022, the Company recorded accrued expenses of \$56,928, and \$165,443, respectively.

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents and accounts receivable carrying amounts may approximate fair value due to their short maturities. The amounts shown for related party loans payable may also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(j) Revenue Recognition

The Company's revenues consist of initial franchise fees and royalties based on a percentage of gross revenues.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. In allocating the transaction price and recognizing the revenue

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023, AND 2022

associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, and are recognized as revenue when all pre-opening obligations are provided – which is generally upon commencement of operations.

(k) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Nevada. Accordingly, the income or loss of the Company will be included in the income tax returns of the shareholders. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the shareholders rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022 tax year is subject to examination.

(l) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023, and 2022 were \$249,772, and \$23,726, respectively.

(2) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing national brand and royalty fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate in a location using the Houston's Hot Chicken system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to initial training, grand opening assistance, and site build out, which is recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

HOUSTON'S HOT CHICKEN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023, AND 2022

The Company has estimated the following current and non-current portions of deferred contract costs as of December 31, 2023, and 2022:

	2023	2022
Deferred contract costs, current	\$ 71,978	\$ 9,500
Deferred contract costs, non-current	73,933	83,000
	<u>\$ 145,911</u>	<u>\$ 92,500</u>

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, and 2022:

	2023	2022
Deferred revenue, current	\$ 620,000	\$ 400,700
Deferred revenue, non-current	1,075,000	820,000
	<u>\$ 1,695,000</u>	<u>\$ 1,220,700</u>

(3) Related Party Transactions

The Company routinely shares operating costs with a related party entities under common control. The net difference between the costs incurred on behalf of the Company and the amount paid to the related parties of December 31, 2023, and 2022, was \$1,364,694, and \$893,943, respectively.

(4) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(5) Subsequent Events

Management has reviewed and evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued.

HHC Franchising, LLC

Continuation of EXHIBIT D

Unaudited Financial Statements

(Attached)

Unaudited Financial Statements dated as of April 16, 2024*

***THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

Houston Hot Chicken Franchising, LLC

BALANCE SHEETS

As of April 16, 2024 and December 31, 2023

	<u>4/16/2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 15,000	\$ 1,313
Accounts receivable	38,771	32,093
Inventory	37,253	37,253
Contract assets, current	71,978	71,978
Due from affiliate	1,524,717	1,364,694
Total current assets	<u>1,687,719</u>	<u>1,507,331</u>
 Contract assets, non-current	 73,933	 73,933
Total assets	<u><u>\$ 1,761,652</u></u>	<u><u>\$ 1,581,264</u></u>
 Liabilities and Member's Equity (Deficit)		
Current liabilities		
Accrued expenses	\$ 37,253	\$ 56,928
Deferred revenue, current	620,000	620,000
Due to affiliate	-	-
Total current liabilities	<u>657,253</u>	<u>676,928</u>
 Deferred revenue, non-current	 1,075,000	 1,075,000
Total liabilities	<u>1,732,253</u>	<u>1,751,928</u>
 Member's equity (deficit)	 (170,664)	 (170,664)
Total liabilities and member's equity	<u><u>\$ 1,561,589</u></u>	<u><u>\$ 1,581,264</u></u>

STATEMENTS OF OPERATIONS

Statement of Operations by Period - January 1, 2024 through April 16th, 2024 (Period 4)

	Period 1	Period 2	Period 3	Period 4	YTD 2024
Operating revenue					
Franchise fees	\$ -	\$ -	\$ -	\$ -	\$ -
National brand and royalty fees	86,423	114,932	119,012	142,387	462,754
Equipment and merchandise sales	-	-	25,393	10,858	36,251
Total operating revenue	86,423	114,932	144,405	153,245	499,005
Cost of goods sold	-	-	19,299	8,252	27,551
Gross profit	86,423	114,932	125,106	144,993	471,454
Operating expenses					
General and administrative	37,282	46,378	31,638	53,678	168,976
Professional fees	-	110	5,343	5,647	11,100
Marketing and advertising	13,202	27,593	24,469	26,052	91,316
Total operating expenses	50,484	74,081	61,450	85,377	271,392
Net income (loss)	\$ 35,939	\$ 40,851	\$ 63,656	\$ 59,616	\$ 200,063

HHC Franchising, LLC

EXHIBIT E

Brand Standards Manual Table of Contents

Table of Contents

Introduction	6
Confidential Operations Manual	6
Confidential Information	6
Franchisee Copy	8
Franchisor Copy	9
Confidential Information	10
Handling Confidential Information	10
Intellectual Property	10
General Standards	12
Limitations of the Brand Standards Manual	12
Hours of Operation	13
Company Black Out Dates	14
Time Off Requests	14
No Tolerance Policies	14
Drugs or Alcohol in the Workplace	14
Sexual Harassment	14
No Call No show	15
Theft	15
Insubordination With Management	15
Uniforms	16
For Employees/Managers/Owners	16
Uniform Guidelines: Female	16
Uniform Guidelines: Male	16
Standards Of Business Conduct	17
Franchise Owner / Manager Obligations	18
Responsibilities as an Owner / Manager	18
Responsibility	18
Duties	19
Responsibility of a Houston TX Hot Chicken Franchisee	21
Store Audit Follow Ups	22
Areas for Improvement	22
Maintenance	22
Communication on Concerns	22
Recurring Concerns	23
Responsibility to the Customer	23
Responsibility to the Team Members	23
Responsibility to Fellow Franchisees	24

Responsibility to the Franchisor	24
Responsibility to Yourself	25
Public Relations and Information Disclosure	25
Media Protocol	25
Filming	25
Photography Tips	27
Protecting Company Interests	28
Structure & Organization	29
General Manager	29
Assistant General Manager (If needed)	29
Kitchen Manager	29
Kitchen Shift Lead	30
Front of House Manager	30
Front of House Shift Lead	30
Shift Management	31
Performance Appraisals	31
Performance Appraisal - FOH	31
Performance Appraisal - BOH	33
Performance Appraisal - Prep	35
Performance Appraisal - GM	37
Administration	39
The Importance of Maintaining Records & Internal Controls	39
Internal Controls	40
Generating Profit	41
What Are The Keys to Achieving Profit?	41
1. Sales Growth	41
2. Increased Productivity	41
3. Cost Control	41
Reporting Requirements and Procedures	42
Food Cost Management	43
Paper Cost	44
Excessive Waste	47
Product Theft	47
Incorrect Pricing	48
Incorrect Cash Handling	48
Inventory Management	49
Labor Management	50
Labor Forecasting	52
Cash Management	53

Training Employees	53
Evaluating Service	55
Performance Measurement Tools	56
Weekly Score Cards	56
Decrease in Tattle	56
Decrease in Jolt	56
Service Timing & Service Timing Structure	56
Black	57
Proper Staffing	57
Proper Chicken Production	57
Proper Fry Production	58
Efficient Communication	58
Yellow	58
Orange	59
Waiting on Chicken	59
Waiting on Fries	59
Expo	59
Red	59
Waiting For When Chicken is Up	60
Waiting For When Fries Are Up	60
Expo	60
Antitrust and Competition	61
International Business	62
Respect for all Team Members	63
Houston TX Hot Chicken and it's Foundation - P.S.I	65
Houston TX Hot Chicken and it's Management - R.D.A	66
Operational Checklists and Control Tools	68
Training	70
Four - Step Training Method	71
New Employee and New Manager Training Outlines	72
New Employee Orientation	72
Team Member Development	73
Food Safety, Sanitation, and Cleanliness	74
Foodborne Illness	75
Food Safety Essentials	76
Safe Food Handling Through the Flow of Food	77
Service	78
Personal Hygiene	79

Hand washing	79
Glove Usage	80
Employee illness policies	80
Work attire - Uniform Guidelines	81
Employee Illness and Prevention	82
Bodily Fluid Accidents	83
Allergen Safety	84
Food Preparation Safety	85
Training	85
Temperature Controls	86
Equipment Temperatures	86
Thermometer Usage	86
Calibrating Thermometers	86
Taking Product Temperatures	87
Common Mistakes to Avoid when Using Thermometers	87
Control Time and Temperature	87
Preventing Cross-Contamination	88
Sanitation and Chemical Control	89
Automatic Ware Washing	90
Chemical Safety	91
Sanitation and General Maintenance	91
Health Inspections	94
What to Do Before an Inspector Visit	94
Tips for a Successful Inspection	95
Food Safety Inspection Checklist	96
Handling Foodborne Illness Complaints	99
When Communicating with The Customers	100
Customer Service - Service Basics	103
Customer Service Philosophy	103
Communication	103
Being Prepared	104
Greeting Your Customer	105
Teamwork	106
Sense of Urgency	106
Attention to Detail	106
Anticipation	107
Giving Your Customer a Lasting Impression	107
Customer Service Checklist	107
Taking Orders	109
Suggestive Selling	109

Order Accuracy	110
Accepting Payments	111
Special Order Procedures	111
Guests with Special Needs	111
Customer Relations	112

HHC Franchising, LLC

EXHIBIT F

Form of General Release

**RELEASE AGREEMENT
(Form)**

This RELEASE AGREEMENT ("Agreement") is made and entered into as of _____ by and between **HHC FRANCHISING, LLC** ("Franchisor") and _____, **LLC/Inc., _____, AND _____** (jointly and severally "Franchisee"). 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 an HHC franchise agreement on _____ with Franchisor ("Franchise Agreement"); and

[ALT: WHEREAS, Franchisee entered into an HHC multi-unit development agreement on _____ with Franchisor ("Franchise Agreement"); and]

WHEREAS, the Franchise Agreement was personally guaranteed by _____ and _____ ("Personal Guarantor(s)"); and

WHEREAS, the Franchise Agreement has been terminated effective as of _____.

NOW THEREFORE, in consideration of the recitals, 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 Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives 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 Guarantor(s) 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, members, managers, 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 Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) 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 Guarantor(s) 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.

FOR CALIFORNIA FRANCHISEES ONLY: 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.

4. 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.

5. Franchisee and Personal Guarantor(s) are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement and the Confidentiality and Non-Compete Agreement signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) 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.

6.2 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 Nevada 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 Nevada even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Las Vegas, Nevada 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 Las Vegas, Nevada.

6.3 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 exclusively in Las Vegas, Nevada and the laws of the state of Nevada 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.

6.4 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.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 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.

6.7 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.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) 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.

6.9 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.

6.10 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 regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 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.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) 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.

9. For franchisees located in Washington only: this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and any rule or order adopted thereunder.

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 provided below written with the full authority of the company principal they represent.

FRANCHISOR:

HHC FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

PERSONAL GUARANTOR(S):

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

EXHIBIT G

STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

STATE REGULATIONS FOR THE STATE OF CALIFORNIA

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

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 at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.
2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with 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 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 Las Vegas, Nevada with the costs being borne by you for travel to, and lodging in, Las Vegas, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) 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 Nevada. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
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 persons 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.hhc.ooo has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov

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

13. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

14. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. Franchisees owning 10% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

16. Item 6 under Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

17. Section 310.114.1(c)(1) -

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

18. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

STATE REGULATIONS
FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer":**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO THE FDD
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement(s).

"The franchisor has agreed to post a surety bond equal to the sum of initial fees times the number of franchises to be sold in Illinois, pursuant to Section 200.505 of the Illinois Administrative Rules. This surety bond requirement is imposed by the Illinois Attorney General's Office based on the franchisor's financial statements."

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISOR:

HHC Franchising, LLC

By: _____
(Signature)

Name: _____

Title: _____

**STATE REGULATIONS
FOR THE COMMONWEALTH OF VIRGINIA**

By statute under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise. Accordingly, the Division requests that the franchisor add a Virginia Addendum to the FDD containing the following statements:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HHC Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and area developer 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement and area developer 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.

ADDENDUM TO THE FDD FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

Section 19.3 of the franchise agreement is hereby amended as follows:

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 (subject to state law).

Section 2 of the Form General Release Agreement (Exhibit "F" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

HHC Franchising, LLC

EXHIBIT H

Compliance Questionnaire

EXHIBIT H

COMPLIANCE QUESTIONNAIRE

As you know, HHC Franchising, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement and, if applicable, Multi-Unit Development Agreement for the operation of one or more HHC® restaurants. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and, if applicable, Multi-Unit Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

We will not ask you to complete the Compliance Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement and, if applicable, Multi-Unit Development Agreement, and each attachment or exhibit attached to them that we provided?
2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement and, if applicable, Multi-Unit Development Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
4. Yes___ No___ Do you understand the success or failure of your HHC® restaurant will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
5. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an HHC® restaurant that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
6. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and, if applicable, Multi-Unit Development Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support

service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

7. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an HHC® restaurant will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

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

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date

Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

HHC Franchising, LLC

EXHIBIT I

Confidentiality and Non-Compete Agreement

EXHIBIT I
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE ("**Agreement**") is made and entered into as of _____, between ("**you**"; and _____ ("**Franchisee**").

RECITALS

- A. Franchisee has entered into a franchise agreement with HHC Franchising, LLC ("**HHC**").
- B. You are a general manager, owner, officer, director, or an entity affiliated with, or providing products or services to Franchisee.
- C. As a result of Franchisee's relationship with you, you will have access to certain confidential and proprietary information of HHC.

NOW, THEREFORE, in consideration of the foregoing and in order to induce HHC to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. HHC Is Third Party Beneficiary. You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of HHC, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of HHC. In consideration of HHC's agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to HHC and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of HHC (including without limitation recipes, sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers, other franchisees, agencies, suppliers, and other related information) (hereinafter, "**Confidential Information**"), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with HHC and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. "Confidential Information" will not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of HHC except strictly incidental to, and solely in furtherance and within the scope of, your relationship with HHC and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee's relationship with you, as the case may be), for any reason, you must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all other documents then in your possession or under your control containing or relating to any Confidential Information, whether in

paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If you receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, you shall immediately provide Franchisee and HHC with written notice of the receipt of such subpoena or process and a copy thereof, and shall cooperate with Franchisee and HHC in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to HHC shall be given to its President.

3. Covenant Not to Compete. Subject to applicable law, while you maintain a relationship with Franchisee, you shall not engage in any activity which competes directly or indirectly with HHC in any state in which HHC is doing business or in which it has current plans to begin business, except with the written permission of Franchisee or HHC. If your relationship with Franchisee is terminated for any reason, you will be prohibited for a period of three years from the date of such termination, from any place within 15 miles of Franchisee's business location, from:

- (a) Directly or indirectly soliciting any customer of HHC or Franchisee.
- (b) Inducing, advising, suggesting or attempting to influence directly or indirectly anyone affiliated with HHC's franchisees to terminate employment or establish a professional relationship with another person or entity.
- (c) Directly or indirectly participating in or being connected in any manner with the ownership, management or operation of any business or entity that competes with HHC, in offering or selling services relating to healthy, fast-casual foods, or related products.

4. Non-solicitation. While you are employed by or associated with Franchisee, and for two years after your employment or relationship ends, you must not, without prior written permission of Franchisee or HHC, directly or indirectly solicit or attempt to solicit any customers or clients for whom you provided services while you were employed by or affiliated with Franchisee.

5. Breach of Agreement. You acknowledge and agree that your violation or breach of the "Covenant Not to Compete," disclosure of "Confidential Information," or the "Non-solicitation" provisions, as provided herein by this Agreement will cause irreparable injury for which there is no adequate remedy at law. Accordingly, you agree that in the event of any breach or violation of this Agreement, HHC and/or Franchisee will be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief will be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding you from violating these provisions in the event there is a finding of breach. In addition, HHC and Franchisee, if applicable will be entitled to recover and obtain from you all costs including, without limitation, reasonable attorneys' fees associated with any legal action arising out of your breach of any of the provisions of this Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but will not affect any other provisions of this Agreement, all of which will otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to HHC hereunder are necessary to protect its legitimate business interests.

6. Choice of Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state in which Franchisee's business is located, without respect to its

conflict of laws principles.

[Name of Franchisee]

You: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

HHC Franchising, LLC

EXHIBIT J

List of Franchisees

EXHIBIT J-1
List of Current Franchisees

State	Contact	Territory	Address	City, State, Zip	Phone
California	McDonald Hospitality LLC	Fresno	8482 N Friant Road, Ste. 104	Fresno, CA 93720	559-940-1070
California	HHC Bakersfield LLC	Bakersfield	3925 Rosedale Hwy, Ste B	Bakersfield, CA 93308	661-703-3008
California	HHC Santee LLC	San Diego	238 Fifth Avenue	San Diego, CA 92101	619-240-0327
Idaho	HHC Meridian LLC	Meridian	1184 S Silverstone Way, Ste 130	Meridian, ID 83642	435-512-6602
Michigan	MB Chicken LLC*	State of Michigan	14796 Hall Road	Sterling Heights, MI 48313	248-761-7588
Michigan	MB Chicken LLC*	State of Michigan	TBD	TBD	248-761-7588
Texas	Apollo Global Capital Inc.	West Houston	10111 Louetta Rd. #800	Houston, TX 77070	281-795-5678
Utah	Running Roosters LLC	Lehi	1712 W Traverse Parkway, Building B, Unit 102	Lehi, UT 84043	801-209-8280
Utah	Utah HHC, LLC	St. George	1216 S Bluff Street	St. George, UT 84770	801-244-2297
Virginia	Nova Foods Capital LLC	Northern Virginia (Fairfax, Arlington, Annapolis)	110 Wilmar Place, NW	Vienna, VA 22180	925-639-5963
Washington	SB Trucking LLC	Seattle	101 Denny Way	Seattle, WA 98109	206-565-4240
Washington	WW Ventures LLC	Spokane	1839 N Ruby Street	Spokane, WA 99207	509-590-7445

* Denotes multi-unit franchisee

SCHEDULE OF FRANCHISEES TERMINATED, TRANSFERRED, NOT RENEWED OR OTHERWISE LEFT THE SYSTEM:

TERMINATED:

State	Contact	City	Phone
California	Harsh Arora	Cerritos	973-519-8446
Michigan ¹	Ronza Qaimari	Ann Arbor	248-214-7211

1 We repurchased this franchisee's franchise prior to the franchisee opening its franchise. It was a mutual termination.

TRANSFERRED OR DID NOT RENEW:
NONE

NON-COMMUNICATING FRANCHISES WHO HAVE NOT COMMUNICATED TO CALLS EMAILS WITHIN THE LAST 10 WEEKS:

State	Contact	City	Phone
Virginia	Nova Foods Capital, LLC	Washington DC	925-639-5963

HHC Franchising, LLC

EXHIBIT K

State Effective Dates and Franchise Disclosure Document Receipts

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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 HHC Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, HHC Franchising, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires HHC Franchising, LLC to 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 HHC Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance Date: June 21, 2024

The name, principal business address and telephone number of each franchise seller offering the franchise: Edmond Barseghian at HHC Franchising, LLC, 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103, phone (818) 400-1312. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

See Exhibit A for HHC Franchising, LLC's registered agents authorized to receive service of process.

I have received a disclosure document June 21, 2024, that included the following Exhibits:

- | | |
|---|--|
| A. State Administrators / Agents for Service of Process | G. State-Specific Addendum |
| B. Franchise Agreement | H. Compliance Questionnaire |
| C. Multi-Unit Development Agreement | I. Confidentiality and Non-Compete Agreement |
| D. Financial Statements | J. Schedule of Franchisees |
| E. Brand Standards Manual Table of Contents | K. State Effective Dates and Receipts |
| F. Form of General Release | |

Date

Signature

Printed Name

Please keep this 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 HHC Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, HHC Franchising, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires HHC Franchising, LLC to 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 HHC Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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| E. Brand Standards Manual Table of Contents | K. State Effective Dates and Receipts |
| F. Form of General Release | |

Date

Signature

Printed Name

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Edmond Barseghian at HHC Franchising, LLC, 4305 Dean Martin Drive, Suite 185, Las Vegas, NV 89103, or by emailing it to edmond@hhc.ooo.