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Los Angeles Office

FRANCHISE DISCLOSURE DOCUMENT



IHA Franchising, LLC
a Delaware limited liability company
13901 Sutton Park Drive South
Building A, Suite 100
Jacksonville, Florida 32224
904-241-7535
franchise@icehouseamerica.com
www.icehouseamerica.com
www.ice-born.com

The franchise offered is the right to open and operate a vending unit under the "ICEBORN®" name that manufactures, stores, bags and sells chipped or cubed ice and water on demand to the public

The total investment necessary to begin operation of an IceBorn Machine franchise is \$113,050 to \$245,650. This includes \$88,200 to \$163,750 that must be paid to the franchisor or affiliate. If you want multi-unit development rights, you must pay us a development fee equal to \$7,000 multiplied by the number of IceBorn Machines you agree to develop. We do not charge separate initial franchise fees if you sign a Multi-Unit Zone Franchise Agreement.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224, 888-391-8065.

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

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

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

Issuance date of this Franchise Disclosure Document August 26, 2019

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit F for information about us or about franchising in your state.

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

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

- 1 THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN THE CITY CLOSEST TO OUR HEADQUARTERS AND BY LITIGATION ONLY IN THE STATE WHERE OUR HEADQUARTERS IS LOCATED. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN THE STATE OR CITY WHERE OUR HEADQUARTERS IS LOCATED THAN IN YOUR HOME STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS.
- 3 MACHINES PREVIOUSLY SOLD TO INDEPENDENT OWNERS, DEALERS, AND/OR DISTRIBUTORS MAY BE LOCATED WITHIN A FRANCHISEE'S TERRITORY.
- 4 WE RESERVE THE RIGHT TO SELL OR DISTRIBUTE OTHER TYPES OF ICE VENDING DISPENSING MACHINES WITHIN A FRANCHISEE'S TERRITORY. WE ALSO RESERVE THE RIGHT TO ESTABLISH A NATIONAL OR REGIONAL ACCOUNT WITHIN THE FRANCHISEE'S TERRITORY.
- 5 THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date See the next page for state effective dates.

IHA FRANCHISING, LLC

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	Pending
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Washington	Pending
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In all other states without franchise registration laws, the effective date of this Franchise Disclosure Document is the issuance date of August 26, 2019

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EXHIBITS

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- EXHIBIT L - STATE ADDENDA AND AGREEMENT RIDERS

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is IHA Franchising, LLC ("we," "us" or "our") We refer to the person interested in buying a franchise as "you" or "your" If you are a corporation, partnership, limited liability company, or other entity, certain provisions of our agreements will apply to your owners These will be addressed in this disclosure document where appropriate Your owners will also be obligated to sign a guaranty attached to our agreements agreeing to be bound by the obligations of the agreements

We were organized in Delaware as a limited liability company on March 28, 2012 We maintain our principal place of business at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 We do business under our company or limited liability company name, the name "ICE HOUSE AMERICA," and the trademarks described in Item 13 (the "Marks") If we have an agent in your state for service of process, we disclose that agent in Exhibit F

The Franchise Offered

We grant franchise rights to open and operate IceBorn Houses and IceBorn Kiosks (collectively, "IceBorn Machines") at locations approved by us under the terms of a Franchise Agreement (Exhibit B) In this disclosure document, we call the IceBorn Machine that you operate under the Franchise Agreement the "Machine" IceBorn Machines are self-contained vending units which manufacture, store, bag and dispense chipped or cubed ice and water on demand IceBorn Machines are customizable with a variety of standard and optional features, including remote management of performance (the "SmartIce Remote Management System"), reverse osmosis purification, alternative exterior finishings, multiple payment system options, and water dispensers IceBorn Machines differ primarily in their physical footprint, cost and production and storage capacity The "IceBorn House," the largest model, has a 6,500 pound ice storage capacity and is usually deployed at busy commercial centers and high traffic locations The "IceBorn Kiosk" is designed for smaller locations and offers a 2,400 to 3,000 pound ice storage capacity

We grant multi-unit development rights to qualified franchisees, who then will have the right to place a number of IceBorn Machines within a defined geographic area (the "Zone") according to a mandatory development schedule (the "Development Schedule") We grant these rights under the Multi-Unit Zone Franchise Agreement (Exhibit C) You will sign our then current form of franchise agreement for each IceBorn Machine developed under the Multi-Unit Zone Franchise Agreement Each then current form of franchise agreement may differ from the version of Franchise Agreement attached to this disclosure document However, under the franchise agreements, you will not pay the initial franchise fee for any IceBorn Machine that you place within the Zone during the Multi-Unit Zone Franchise Agreement's term in compliance with the Development Schedule, and you may pay a reduced royalty fee depending on the number of IceBorn Machines you purchase and simultaneously operate

Parents, Predecessors and Affiliates

We are a wholly-owned subsidiary of Twice The Ice Holdings, LLC ("Twice The Ice"), a Delaware limited liability company which shares our principal business address. We became a subsidiary of Twice The Ice in June 2013 following a corporate restructuring. Twice The Ice is owned in substantial part by TTI Investments, LLC ("TTI"), a Delaware limited liability company whose principal business address is One Rockefeller Plaza, 20th Floor, New York, New York 10020. Twice The Ice and TTI are holding companies for various ice and water vending business-related entities. In March 2011, TTI was acquired by an investment fund sponsored by Ulysses Management, LLC ("Ulysses"), which shares TTI's principal business address. Ulysses is a diversified investment firm that makes control investments, typically in growing middle market companies in a variety of industries.

Our affiliate, Ice House America, LLC ("IHA"), manufactures and distributes various products that produce ready-made, bulk or bagged ice and bulk water to the consuming public, including IceBorn Machines. IHA is a Florida limited liability company and shares our principal business address. IHA manufactures IceBorn Machines in its factory located in Moultrie, Georgia, and sells IceBorn Machines to our franchisees. IHA does not operate IceBorn Machines, but it does own and operate 107 ice vending units of various sizes under different trademarks.

Since 2003, IHA also has entered into agreements with independent distributors ("Distributors") and owner-operators ("Owners") for the manufacture, sale, and distribution of ice vending units under the trademark "Twice the Ice®" ("Twice the Ice Machines"). 16 Distributors and over 1,000 Owners currently operate 3,220 Twice the Ice Machines in 30 states. Although Distributors and Owners may operate existing Twice the Ice Machines in your state, IHA currently only offers independent business opportunities for Twice the Ice Machines in the eastern United States, and we only offer franchise opportunities for IceBorn Machines in the western United States. Existing independent Owners who previously purchased Twice the Ice Machines but who are converting to our franchise model may continue to use the "Twice the Ice®" trademark with their Twice the Ice Machines.

We have offered IceBorn Machine franchises since May 2012. We have no other business activities and have not offered franchises in other lines of business. We have no predecessors. We do not operate IceBorn Machines. Except as described above, we have no other affiliates that provide products or services to franchisees or offer franchises in any line of business.

Competition

The market for ready-made, bulk or bagged ice and bulk water is well-established and highly competitive. There are regional and local chains that operate machinery and equipment that produce ready-made, bulk or bagged ice and bulk water at locations similar to the ones you may operate. Ready-made, bulk or bagged ice and bulk water is also available at various retail locations, such as convenience and grocery stores. We believe that customers will use our

IceBorn Machines because of their reliability, convenience, attractive price, and the volume of ice and water that is dispensed

Industry-Specific Regulation

Many of the laws, rules and regulations that apply to business generally, like the Americans With Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to the ready-made ice and bulk water business. Many state, local, and federal laws also apply specifically to the sale of ice and water and food handling and safety, including laws, rules and regulations promulgated by the Food and Drug Administration, Department of Agriculture, and Department of Environmental Protection. There are also local zoning, licensing and permit laws that you may need to satisfy to conduct your business. However, other laws, rules and regulations have particular applicability to your business. You should investigate all of these laws.

ITEM 2 **BUSINESS EXPERIENCE**

Chief Executive Officer: Troy Doom

Mr. Doom has been our and IHA's Chief Executive Officer since July 2014. He was Chief Operating Officer of IHA from March 2014 to June 2014, and its Vice President of Engineering and Operations from September 2012 to March 2014.

Chief Financial Officer: Mark R. Mueller

Mr. Mueller has been our and IHA's Chief Financial Officer since February 2015. Mr. Mueller held various positions with Crane Merchandising Systems, a unit of Crane Co., located in Williston, South Carolina, from February 2009 to February 2015, including Chief Financial Officer.

Vice President, Sales and Marketing: Michael Little

Mr. Little has been our and IHA's Vice President, Sales and Marketing since January 2018. From October 2013 to January 2018, he was IHA's Vice President, Dealer Sales and Marketing, and served as IHA's Vice President, Marketing from March 2012 to October 2013.

Director of Franchise Development: Corey Bowman

Mr. Bowman has been our Director of Franchise Development since May 2018. From April 2017 to April 2018, he was a Project Manager for Best Bath Systems, Inc., located in Boise, Idaho. From December 2016 to April 2017, Mr. Bowman was between careers. Mr. Bowman was Vice President of Franchise Sales for Pita Pit USA, Inc., located in Coeur d'Alene, Idaho, from January 2013 to April 2014 and its President of Franchise Operations from April 2014 to December 2016.

Manager: Paul D. Barnett

Mr Barnett has been one of our Managers since our formation in March 2012 Mr Barnett has been Managing Director of Ulysses, located in New York, New York, since February 2005

Manager: Tobias M. Rando

Mr Rando has been one of our Managers since our formation in March 2012 Mr Rando has been a Principal of Ulysses, located in New York, New York, since April 2005

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement The initial franchise fee is \$7,000 (unless you sign a Multi-Unit Zone Franchise Agreement, as described below)

You must purchase an IceBorn House or IceBorn Kiosk from IHA when you sign the Franchise Agreement Currently, your Machine will range from \$81,200 to \$138,450 depending on the products and options you select for your Machine If IHA ships and installs your Machine, you must pay IHA delivery and installation fees and costs, which will range from \$8,000 to \$15,500 These fees and costs depend on current packing and shipping costs and the distance of your Machine's site from IHA's manufacturing facility

We will provide an initial training program for you (or if you are an entity, for your principal owner) at no additional charge If you would like on-site training prior to opening the Machine, we may provide that training to you for an additional fee, which we estimate will not exceed \$2,000

You have the option to purchase one to 3 boxes of bags for ice dispensed at the Machine from IHA If you do so, you will pay IHA approximately \$100 to \$300, depending on the number of boxes you choose to purchase You also have the option to purchase marketing materials from IHA for the opening promotion of your Machine, for which we estimate you will pay IHA between \$200 and \$500

The initial franchise fee and other expenses we describe in this Item 5 are non-refundable

Multi-Unit Zone Franchise Agreement

You must pay us a lump sum development fee when you sign the Multi-Unit Zone Franchise Agreement. The development fee is \$7,000 multiplied by the number of IceBorn Machines you agree to place in the Zone pursuant to the Development Schedule, including the IceBorn Machine covered by the first Franchise Agreement you sign. We will insert this fee in the Multi-Unit Zone Franchise Agreement before signing it. The development fee is non-refundable. If you sign the Multi-Unit Zone Franchise Agreement, you will not pay a separate initial franchise fee for any IceBorn Machine you purchase and place within the Zone.

ITEM 6 **OTHER FEES**

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues ⁽²⁾	15th day of the month based on Gross Revenues generated in the previous month	"Gross Revenues" includes payments by cash, credit or debit card in connection with the operation of the Machine
Marketing Fee	1% of Gross Revenues ⁽³⁾	Same as Royalty Fee	For local, regional and national advertising and promotions
SmartIce Remote Management System Fee	Currently \$45 per month, but could increase if our costs increase	First payment is due on the first business day of the month following the month that the IceBorn House or IceBorn Kiosk is operational, and all other payments are due on the same day of each month thereafter	The SmartIce Remote Management System Fee is \$40 per month if paid one year in advance and \$35 per month if paid 2 years in advance
Audits	Cost of audit, plus interest	Immediately upon receipt of invoice	Due if an audit reveals a 1.5% or greater understatement of your Gross Revenues

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee ⁽⁴⁾	\$2,000	Upon application for consent to transfer	Payable if you transfer the Franchise Agreement
Interest	1 5% per month or the highest interest rate permitted by law, whichever is less	On demand	Due for each late payment
Indemnification ⁽⁴⁾	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims relating to the operation of your Machine
Costs and Attorneys' Fees ⁽⁴⁾	Will vary under circumstances	As incurred	Due if we prevail in any arbitration or litigation under the Franchise Agreement
Special Assistance Fees and Charges	Will vary under circumstances	As incurred	Payable for additional assistance and guidance beyond what we normally provide to our franchisees

Notes

- 1 Except as otherwise noted in this Item 6, all fees are imposed and collected by, and payable to, us Except as noted above, all fees are non-refundable and currently are uniformly imposed
- 2 If you sign the Multi-Unit Zone Franchise Agreement, you will pay a reduced royalty fee under the franchise agreements for the IceBorn Machines that you place in the Zone in compliance with the Development Schedule Your reduced royalty fee depends on the number of IceBorn Machines that you simultaneously operate under effective franchise agreements Specifically, if you have
 - (i) at least 5 but no more than 9 IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 5 5% of Gross Revenues for the franchise term (or balance of the term),
 - (ii) at least 10 but no more than 14 IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 5% of Gross Revenues for the franchise term (or balance of the term), and

- (iii) 15 or more IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 4.5% of Gross Revenues for the franchise term (or balance of the term)

We and you will sign an amendment to each franchise agreement evidencing the applicable royalty reduction. However, if at any time during the Multi-Unit Zone Franchise Agreement's term, you and your affiliates fail to have the number of IceBorn Machines in simultaneous operation to satisfy the applicable royalty reduction threshold(s) outlined above, then we will have the right, in addition to all other remedies under the Multi-Unit Zone Franchise Agreement, to reinstate the applicable royalty fee payable to us based on the number of IceBorn Machines you then simultaneously operate effective immediately upon written notice to you. If you own and operate pre-existing IceBorn Machines at locations within the Zone before signing the Multi-Unit Zone Franchise Agreement, those IceBorn Machines will count toward the total number of IceBorn Machines used to determine the royalty fee reduction described above.

- 3 Within 30 days after the end of each calendar quarter during the Franchise Agreement's term, we will remit to you an amount up to 50% of the marketing fees you paid us during the calendar year to reimburse you for approved local marketing and advertising of the Machine that occurred in any prior calendar quarter during the calendar year for which you have not requested reimbursement (the "Marketing Reimbursement"). You will receive the Marketing Reimbursement only if you satisfy the conditions detailed in Item 11.
- 4 These fees also are due under the Multi-Unit Zone Franchise Agreement. If you transfer the Multi-Unit Zone Franchise Agreement, you must pay us a transfer fee equal to the number of remaining IceBorn Machines to be developed under the Development Schedule multiplied by \$7,000.
- 5 We currently do not have any advertising or other cooperatives.

ITEM 7 **ESTIMATED INITIAL INVESTMENT**

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$7,000	Lump sum	On signing of Franchise Agreement	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First Month's Rent ⁽²⁾	\$350 to \$1,000	As agreed	As incurred	Lessor
Leasehold Improvements ⁽³⁾	\$12,000 to \$60,000	As agreed	As incurred	Contractor
Delivery and Installation ⁽⁴⁾	\$8,000 to \$15,500	As agreed	As incurred	IHA or Contractor
IceBorn Machine ⁽⁵⁾	\$81,200 to \$138,450	As agreed	As invoiced	IHA
Annual Business Licenses and Permits ⁽⁶⁾	\$200 to \$600	As agreed	As incurred	Government Agencies
Initial Training Costs ⁽⁷⁾	\$500 to \$4,000	As agreed	As invoiced	Third Parties or IHA
Initial Inventory/Supplies ⁽⁸⁾	\$100 to \$4,700	As agreed	As incurred	IHA or Suppliers
Professional Services ⁽⁹⁾	\$0 to \$7,000	As agreed	As incurred	Accountants, Lawyers, Architect, Engineer, or IHA
Opening Promotion ⁽¹⁰⁾	\$200 to \$1,000	As agreed	Prior to opening	Suppliers or IHA
Annual Insurance Premium	\$500 to \$1,400	As agreed	As incurred	Insurance Broker
Additional Funds – 3-Months ⁽¹¹⁾	\$3,000 to \$5,000	As agreed	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹²⁾	\$113,050 to \$245,650			

None of these expenditures is refundable

Notes

1 As described in Item 5, the initial franchise fee is \$7,000

- 2 This estimate represents the first month's rent for the site of your Machine. The rent depends on the size, condition, and geographic location of the site and the demand for the site among prospective lessees. The typical location for an IceBorn Machine is a retail business center, convenience store, campground, marina, fairground, or recreational attraction. We anticipate that you will rent the Machine's location. Landlords generally do not require a security deposit.
- 3 These amounts represent the costs for improvements at your site necessary to install and operate the Machine. Leasehold improvement costs – which could include permits, landscaping, general construction, electrical, water and similar utility work – depend on the site's condition, location, and size and the site's previous use.
- 4 You are responsible for the costs IHA or a contractor incurs to ship and install your Machine. The cost depends on current packing and shipping costs and the distance of your Machine's site from IHA's manufacturing facility.
- 5 Your costs will depend upon whether you purchase the IceBorn House or IceBorn Kiosk, as well as the products and options you select for your Machine.
- 6 These amounts represent the costs of acquiring business licenses and permits necessary to operate the Machine.
- 7 This is an estimated average cost of travel and living expenses for you to attend our initial training program held in Moultrie, Georgia and/or Jacksonville, Florida. This figure also includes an amount for on-site training at the location of your Machine.
- 8 Inventory and supplies include bags for ice dispensed at the Machine and products and materials related to the operation of the Machine.
- 9 These costs include fees paid to professionals for permitting and zoning approval of the location at which to operate your Machine.
- 10 These expenses relate to general opening advertising and promotion of the Machine during your start-up period.
- 11 This item estimates your initial start-up expenses (other than the items identified separately in the table). These amounts do not include any estimates for debt service. These figures are estimates only, and you may need additional working capital during the first 3 months you operate your Machine and for a longer time period after that. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Machine will break even. We cannot guarantee when or if your Machine will break even. Your costs depend on your management skill, experience, and business acumen, local economic conditions, the local market for ready-made, bulk or bagged ice and bulk water, and competition.
- 12 We relied on IHA's experience owning and operating ice vending units over more than 15 years to compile this additional funds estimate. You should review these figures carefully with your business advisor. Unless otherwise stated above, these estimates are subject to

increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control. We do not offer any financing for the initial franchise fee or for any portion of your investment.

Multi-Unit Zone Franchise Agreement

Except for the non-refundable development fee, there is no initial investment required to begin operating under the Multi-Unit Zone Franchise Agreement.

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

We will provide you, through the Operating Manual (defined in Item 11) and other materials we provide or make available to you, the standards and specifications for the fixtures, equipment (including computer hardware and software) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance and that you must use. We will provide these standards and specifications to you in the form of paper copies, electronic copies on computer CD, or electronic copies accessed through the Internet or other communication systems. We issue and modify our methods, standards and specifications based on our, our affiliates' and our franchisees' experience in franchising and/or operating IceBorn Machines. We may modify the methods, standards and specifications periodically and will notify you of these modifications.

You must purchase an IceBorn House or IceBorn Kiosk from IHA when you sign the Franchise Agreement. IHA is the only approved supplier of IceBorn Machines. IHA's current Terms and Conditions for the sale of IceBorn Machines are attached as Exhibit D. IHA reserves the right to change or modify the Terms and Conditions.

You currently must purchase all bags, replacement and repair parts, and other products and materials necessary to operate the Machine according to our standards and specifications and only from suppliers that we designate or approve (which may include us or our affiliates). We currently are not the only approved supplier of any good or service in the franchise system. If you want to purchase bags and other products and materials from a supplier we have not yet approved or designated, you must first submit a request to us along with information and specifications about the supplier we request so that we may determine whether the supplier meets our criteria. We will notify you within a reasonable period of time, which in most cases will not exceed 30 days, whether the supplier and its products or materials meet our requirements. We currently do not charge a fee for our review of a new supplier, but we may do so in the future. We may revoke our approval of a supplier if the supplier's materials or supplies no longer meet our requirements and criteria by notifying you and/or the supplier. We do not make our criteria for approving suppliers available to our franchisees.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Machine that you currently must buy or lease from us (or our affiliate) or from designated or approved suppliers.

You may operate your Machine only at a site we approve. You may not move or relocate the Machine after its installation without our prior written approval.

Before you use them, you must submit to us for approval all press releases and policy statements and samples of all local advertising, marketing and related materials that we have not prepared or previously approved.

You must obtain and maintain in full force and effect during the term of the Franchise Agreement, at your expense, an insurance policy or policies protecting you and us, and our respective officers, directors, partners, and employees, against any claims for loss, liability, personal injury, death, property damage, or any expense whatsoever arising out of or occurring upon or in connection with your business. Such policy or policies must be written by an insurance company satisfactory to us in accordance with our then current standards and specifications for insurance coverage, including minimum policy limits of coverage. Our current insurance requirements are set forth in Exhibit D of the Franchise Agreement.

Collectively, the purchases and leases that you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 90% to 100% of your overall purchases and leases in establishing and operating the Machine.

During our 2018 fiscal year, we received no revenue from direct sales or leases of products or services to franchisees. During the 2018 fiscal year, IHA received a total of \$717,062 from the sale of IceBorn Machines and related items to our franchisees. The information about our affiliate's revenue is from its internal unaudited records.

Because IHA is an affiliate, certain of our officers naturally own an interest in IHA. However, none of our officers owns any interest in any current, unaffiliated supplier of goods or services to the franchise system. During the 2018 fiscal year, we and our affiliates did not receive, and we currently do not expect to receive, any payments from designated and approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers. There currently are no purchasing or distribution cooperatives. We and our affiliates currently do not negotiate purchase arrangements with suppliers for the items and services described earlier in this Item that you may obtain only from designated sources, but we may do so in the future. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

The Multi-Unit Zone Franchise Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a Site selection and acquisition/lease	1 and Exhibit A of Franchise Agreement, 3 of Multi-Unit Zone Franchise Agreement	7 and 11
b Pre-opening purchases/leases	1 and 5 of Franchise Agreement	5, 6, 7 and 8
c Site development and other pre-opening requirements	1 of the Franchise Agreement	7, 8 and 11
d. Initial and ongoing training	9 E and 9 F of Franchise Agreement	5, 6 and 11
e Opening	1 of Franchise Agreement	5 and 11
f Fees	4 and 5 of Franchise Agreement, 1 B of Multi-Unit Zone Franchise Agreement	5, 6 and 7
g Compliance with standards and policies/Operating Manual	7 and 8 of Franchise Agreement	6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	11 of Franchise Agreement	13 and 14
i Restrictions on products/services offered	5 of Franchise Agreement	6, 7, 8, 11, and 16
j Warranty and customer services requirements	7 of Franchise Agreement	6 and 11
k. Territorial development and sales quotas	1 C, 1 D, 6.A and Exhibits A and B of Multi-Unit Zone Franchise Agreement	12
l Ongoing product/service purchases	5 of Franchise Agreement	6, 7 and 8
m. Maintenance, appearance and remodeling requirements	7 of Franchise Agreement	8 and 11

Obligation	Section in agreement	Disclosure document item
n Insurance	15 of Franchise Agreement, 14 and Exhibit D of Multi-Unit Zone Franchise Agreement	6, 7 and 8
o Advertising	6 of Franchise Agreement, 5 C and 5 D of Multi-Unit Zone Franchise Agreement	6, 7 and 11
p Indemnification	20 of Franchise Agreement, 15 of Multi-Unit Zone Franchise Agreement	None
q Owner's participation/management/staffing	1 of Franchise Agreement	11 and 15
r Records and reports	13 of Franchise Agreement	11
s Inspections and audits	14 of Franchise Agreement	6 and 11
t Transfer	22 of Franchise Agreement, 9 of Multi-Unit Zone Franchise Agreement	6 and 17
u Renewal	3 of Franchise Agreement	6 and 17
v Post-termination obligations	17 of Franchise Agreement	17
w Non-competition covenants	23 of Franchise Agreement	17
x Dispute resolution	25, 26 and 27 of Franchise Agreement, 20 of Multi-Unit Zone Franchise Agreement	17

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, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you begin operating the Machine, we or our designee will

1 Approve or disapprove a site you propose for the Machine within a reasonable period of time. We are not obligated to approve or disapprove a site within any specified time period. We may refer you to a recommended broker in your geographic area to assist you in finding a site, although you are not required to use the broker. In evaluating a proposed site, we may inspect the site and may consider a variety of factors, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics. We have the absolute right to disapprove any site that does not meet our criteria. Our approval of a site and any information given to you regarding proposed sites do not constitute an express or implied representation or warranty of any kind as to the suitability of the proposed sites for your Machine or for any other purpose. Our approval of a site indicates only that we believe that the site meets, or has the potential to meet, or that we have otherwise waived, our then current criteria for site suitability. Application of site criteria that have been effective for other sites may not be predictive of the potential for any specific site and, after our approval of a site, demographic and economic factors, including competition, included in or excluded from our site criteria could change, altering the potential of a site. The uncertainty and instability of the factors included in these criteria are beyond our control, and we will not be responsible for the failure of a site approved by us to meet expectations as to potential revenue or operational criteria. If you fail to locate a site for the Machine acceptable to us within 90 days following the date of the Franchise Agreement, we may terminate the Franchise Agreement.

You must negotiate and sign an acceptable lease for the site with an independent third party. We may provide you guidance in recognizing and negotiating certain standard lease terms, however, we are not obligated to do so and you are not obligated to accept any guidance we may provide. We will not directly negotiate the purchase or lease of the site. (Franchise Agreement, Section 9 A)

2 Provide you with IceBorn Machine specifications, including electrical and plumbing requirements for your Machine. We will provide these materials to you after you sign the Franchise Agreement. (Franchise Agreement, Section 9 B)

3 Provide you, through the Operating Manual and other materials provided or made available to you after you sign the Franchise Agreement, the standards and specifications for the fixtures, equipment (including computer hardware and software) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance and which you must use. We do not provide any fixtures, equipment or other items for IceBorn Machines directly or deliver or install IceBorn Machines or other items (however, our affiliate, IHA, may do so). We will provide the names of designated, approved or recommended suppliers for many items and, where appropriate, provide written specifications, including for the installation of IceBorn Machines. At our option, we will provide or make available to you these items in the form of paper copies, electronic copies on computer CD, or electronic copies accessed through the Internet or other communication systems. (Franchise Agreement, Section 9 C)

4 Provide you materials for your grand opening at least 10 days before you open the Machine, upon your payment to us for those materials (if required) (Franchise Agreement, Section 9 D)

5 Provide an initial training program for you (or if you are an entity, for your principal owner) You may not attend training until you have signed the Franchise Agreement You (or your principal owner) must successfully complete all phases of our training program to our satisfaction approximately 30 days before you open your Machine for business All training occurs at our classroom facility and training centers in Moultrie, Georgia and/or Jacksonville, Florida, or another location we designate You are responsible for all costs associated with travel and living expenses in attending training Classes are held periodically We plan to be flexible in scheduling training to accommodate our personnel, you (or your principal owner) and will conduct the initial training program as necessary There currently are no fixed training schedules (Franchise Agreement, Section 9 E)

The following chart describes our initial training program as of the date of this disclosure document

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Site Selection, Leasing & Permitting Training	3	2	Moultrie, GA or Jacksonville, FL
Operational, Marketing and Financial Reporting	3		Moultrie, GA or Jacksonville, FL
Optional visit to our Manufacturing Facility overview, history and tour after Corporate Training	2		Moultrie, GA
You should complete the training listed prior to the delivery of the Machine			
Technical/Operational Procedures		1 5	Moultrie, GA
Manufacturing Facility Operations		4	Moultrie, GA
Equipment Assembly, Operations, Critical Control Points, Trouble Shooting	4 5	5	Moultrie, GA
TOTAL	12 5	12 5	

We reserve the right to change our training program to meet the needs of our franchisees We may decide to make one or more courses of our training program optional and

recommended. In the event that you would like on-site training prior to opening the Machine, we may provide that training to you for an additional fee, which we estimate will not exceed \$2,000.

We distribute training materials, which include our Operating Manual and other aids, during the training program. John Edwards, IHA's Vice President of Operations, supervises franchisee training. Mr. Edwards has approximately 9 years of experience in the training field and has worked for IHA in different roles since 2008. Other of IHA's Technical Support Team employees may also participate in providing and conducting aspects of the training program. We reserve the right to charge for re-training or additional training sessions.

If you sign the Multi-Unit Zone Franchise Agreement, then before you begin operating under that Agreement, we and you will complete the development schedule which designates a specific number of IceBorn Machines that you must establish and have in operation at acceptable sites within your Zone (Multi-Unit Zone Franchise Agreement, Section 5 A). We may, to the extent we deem advisable, offer counseling and advice in selecting sites (Multi-Unit Zone Franchise Agreement, Section 3). We will sell or arrange for the sale of IceBorn Machines to you for purposes of enabling you to satisfy your duties and obligations under the Multi-Unit Zone Franchise Agreement. We will use our reasonable efforts to ensure that your purchase orders are filled promptly (Multi-Unit Zone Franchise Agreement, Section 6 A). We also will make available to you repair and replacement parts determined by us to be reasonably necessary to service IceBorn Machines (Multi-Unit Zone Franchise Agreement, Section 6 B).

Ongoing Assistance

During the operation of your Machine, we or our designee will

1. Loan you 1 copy of our manuals, operating materials and bulletins, which may consist of more than one handout or volume (collectively, the "Operating Manual"). We have the right, at our option, to provide or make available to you the Operating Manual in the form of a paper copy, an electronic copy on computer CD, or an electronic copy accessed through the Internet or other communication systems. The Operating Manual will contain mandatory and suggested specifications, standards and operating procedures that we require for your business and information about your other obligations. We may modify the Operating Manual to reflect changes in the image, specifications, standards, procedures and products. However, we will not make any addition or modification that will alter your fundamental status and rights as a franchisee. The Operating Manual is confidential and will remain our property. You may not copy any part of the Operating Manual, either physically or electronically. If your copy of the Operating Manual is lost, destroyed or significantly damaged, we will provide you with a replacement copy, at no charge. The table of contents to the Operating Manual are attached to this disclosure document as Exhibit D. The Operating Manual currently contains 358 pages (Franchise Agreement, Section 8).

2. Provide training for any of your existing or replacement managers of your business (Franchise Agreement, Section 9 F).

3 Provide a telephone technical support line and field technical and warranty support in accordance with our current warranty agreement (Franchise Agreement, Section 9 G)

4 Provide you guidance and operating assistance, at your request, about (a) methods, standards, specifications and operating procedures you will use in your business, (b) purchasing required materials and supplies, including an online retail option for purchasing certain replacement supplies and parts, and (c) advertising and promotional programs. Although we do not have an obligation to do so, we may advise you of operating problems of your business that come to our attention. We may provide or make available this guidance and assistance in the form of references to the Operating Manual, bulletins and other written materials, electronic computer messages, telephonic conversations or consultations at our offices or at your business location. We will not be liable to you or any other person, and you waive all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary), on account of any guidance or operating assistance we offer, except if caused by our gross negligence or intentional misconduct. We will not charge you for the operating assistance and guidance we customarily provide to our franchisees generally. Occasionally, we may make special assistance programs available to you, however, for which you must pay the daily fees and charges that we establish (Franchise Agreement, Section 9 H)

5 Provide you with the methods, standards and specifications referred to above. We may modify the methods, standards and specifications periodically and the modifications may obligate you to invest additional capital in your business and to incur higher operating costs. We will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the Franchise Agreement. We may provide methods, standards and specifications in the form of references to the Operating Manual, bulletins and other written and electronic materials (Franchise Agreement, Section 9 I)

6 Provide advertising and marketing services to you as described below. You may use advertising materials you prepare if the materials (a) comply with the requirements of the Franchise Agreement, (b) are completely clear and factual and not misleading, and (c) conform to the highest standards of ethical marketing and promotion policies which we have the right to prescribe. Before use, you must submit to us for approval all press releases and policy statements and samples of all local advertising, marketing and related materials not prepared or previously approved by us. We will not unreasonably withhold our approval. You may not advertise your business or products sold at your Machine over the Internet (or any other form of electronic commerce) or establish a related digital media account or website without our prior written consent. In addition, you may only use pamphlets, brochures, cards or other promotional materials offering free products if prepared by us, unless we approve those materials in advance. If we do not give you written approval of any advertising or other promotional materials within 15 days from the date we receive them, we will be deemed to have disapproved of those materials. You may not use any advertising, marketing or related materials that we have disapproved (Franchise Agreement, Section 9 J)

If you sign the Multi-Unit Zone Franchise Agreement, then during your operation under that Agreement, we will provide you with continuing advisory assistance as we deem advisable in the operation of the IceBorn Machines and inspection of the IceBorn Machines operating at

approved locations to ensure quality of products and services and the appearance of the system. (Multi-Unit Zone Franchise Agreement, Section 6 C) We also will provide you with access to any promotional materials that we may develop, the cost of which we may pass on to you (Multi-Unit Zone Franchise Agreement, Section 6 D)

Advertising and Marketing

Except as described in this Item 11, we are not obligated to conduct any advertising programs

You must pay us a marketing fee of 1% of the Gross Revenues generated by or from the Machine for local, regional and national advertising and promotional programs and materials. We will administer the marketing fees we collect under the Franchise Agreement and direct all marketing programs financed by the marketing fees, and have the right to determine the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. We have the right to use the marketing fees we collect to pay the costs of preparing and producing video, audio and advertising materials, administering regional and multi-regional marketing programs, including purchasing direct mail and other media marketing and employing advertising, promotion and marketing agencies to assist with advertising, and supporting public relations, market research and other advertising, promotion and marketing activities. We have the right, at our option, to use marketing fees to prepare, provide and/or offer for sale to you advertising, marketing and promotional formats and materials, as described above.

Within 30 days after the end of each calendar quarter during the Franchise Agreement's term, we will remit to you the Marketing Reimbursement, but only if you satisfy the following conditions: (a) you have submitted to us samples of all proposed advertising, marketing and promotional materials not prepared or previously approved by us for approval prior to use, which approval we will not unreasonably withhold. If we do not notify you in writing of our approval of these materials within 10 days after we actually receive them, they will be deemed disapproved. You may not use any materials that we have not approved or have disapproved, (b) you have prepared a written local marketing plan detailing your proposed expenditures and advertising, marketing and promotional programs and submitted the plan to us for our approval according to our approval process, (c) you have submitted all information, documents and reports that we reasonably request to determine your advertising, marketing and promotional expenses, and (d) you are in compliance with the terms of the Franchise Agreement. If you fail to satisfy the above conditions, then we will retain all marketing fees you paid us during that calendar year, and you will not receive the Marketing Reimbursement.

In the 2018 fiscal year, we spent 100% of the marketing fees we collected on production, including cut sheets and printed materials and website enhancements. During 2018, we did not receive any monies for administration of the marketing fees.

We will account for the marketing fees we collect separately from our other funds, although we are not required to establish a separate marketing fund or bank account for those fees. We have the right to use the marketing fees we collect to defray the salaries, administrative costs and overhead we and an affiliate may incur in activities related to our marketing programs, including conducting market research, preparing advertising, promotion and marketing materials.

and collecting and accounting for the marketing fees we collect. If all marketing fees are not spent in the year collected, they will be carried over and spent in subsequent years. On your prior written request made within the first quarter of any calendar year, we will make available to you no later than 120 days after the end of each calendar year, an annual statement of monies collected and costs incurred for our marketing programs. No independent audit is required with this statement or the marketing fees we collect.

We intend to use the marketing fees we collect to maximize recognition of the Marks as well as to increase patronage at IceBorn Machines. Although we will endeavor to use the marketing fees to develop advertising and marketing materials and programs and to place advertising that will benefit all IceBorn Machines, we cannot ensure that our expenditure of marketing fees in or affecting any geographic area will be proportionate or equivalent to the marketing fees paid to us by IceBorn Machines operating in that geographic area or that your business will benefit directly or in proportion to the marketing fees you pay to us from the development of advertising and marketing materials or the placement of advertising. We and our affiliates may contribute to the marketing programs conducted by us but do not have an obligation to do so. Contributions and expenditures of marketing fees are not audited.

We have the right in the future to create a marketing fund to which franchisees must contribute to be operated by us or through another form of entity separate from us. We do not use marketing fees collected under the Franchise Agreement for the solicitation of franchisees. There are presently no advertising councils or cooperatives related to franchisees.

There are no provisions in the Multi-Unit Zone Franchise Agreement regarding our obligation to conduct advertising. You must develop, at your sole expense, a program to promote IceBorn Machines. All advertising or promotional or marketing materials you use must be approved by us in writing. (Multi-Unit Zone Franchise Agreement, Sections 5 C and 5 D)

Computer Systems

The SmartIce Remote Management System is installed in all IceBorn Machines. This system gives us direct access to certain data, including the condition of the IceBorn Machines and usage of the IceBorn Machines. Attached to this disclosure document as Exhibit G are the SmartIce Remote Management System Terms and Conditions. You will also have to participate in our credit card reader program which will give us information concerning credit card transactions on the Machine and regulate the processing of credit card transactions. Attached to this disclosure document as Exhibit G-1 is the agreement you will have to sign with our current approved vendor as well as the activation consent form. We reserve the right to substitute vendors in our discretion. You may not terminate the agreement without our consent. There may be other agreements authorizing and ensuring auditability of revenue figures that we request you sign. There are no other computer hardware or software systems that you currently have to acquire, and the costs of the computer hardware or software detailed above are included in the costs of the Machine. However, you must pay a monthly SmartIce Remote Management System Fee for maintenance and support of the SmartIce Remote Management System. The current monthly cost is \$45 per month (\$540 annually). These costs exclude non-recurring upgrades to new software or systems.

We have the right to require you in the future to purchase, install and use a computer system, including additional or different computer hardware and software, which meet our specifications and standards. We also reserve the right to designate in the future the supplier or suppliers (which may be or include us or an affiliate) from whom you must purchase these items. You must purchase, install and begin using any required computer hardware and software in your business within 60 days from receipt of our notice to you. The principal function of any required computer hardware and software will be to facilitate the reporting requirements under the Franchise Agreement. We have the right to require you, at your sole expense, to upgrade any required computer hardware and software to meet our then current standards and specifications. There is no limitation on the frequency and cost of this requirement. We also have the right to independently access the information and data you collect and gather using any required computer hardware and software, and there is no limitation on our right to access this information.

Site Selection

Under the Franchise Agreement, we grant you the right to own and operate an IceBorn House or IceBorn Kiosk at and only at the site we approve. If at the time you sign the Franchise Agreement you have obtained our approval of and secured the site for your Machine, we will identify the site in the Franchise Agreement. Otherwise, you will have a period of 3 months from the date of the Franchise Agreement to obtain our approval of and secure the site. We and you will sign an alternative Exhibit A to the Franchise Agreement identifying the site we approve for your IceBorn House or IceBorn Kiosk. If you fail to obtain our approval of and secure the site within the 3-month period, however, we have the right to terminate the Franchise Agreement.

You must open your Machine for business by the "Start Date," which is the date that is 180 days after the date of the Franchise Agreement. If you fail to open your Machine by the applicable Start Date, we have the right to terminate the Franchise Agreement.

We estimate that there will be a period of between 30 to 90 days between the date you obtain our approval of and secure the site for the Machine and the date you open your business. The interval may vary depending upon factors such as the weather, the location and condition of the site, your ability to obtain any necessary financing and building, zoning or other permits and approvals, construction delays, and completion of required training. Also, you may not open your business until (a) we approve the business for opening, (b) pre-opening training of you or your principal owners has been completed to our satisfaction, (c) the initial franchise fee and all other amounts then due to us have been paid in full, (d) the lease documentation has been signed and all other documentation for development of your business has been completed, and (e) you have provided us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums we require.

ITEM 12

TERRITORY

Franchise Agreement

You may operate the Machine only at a site we approve. You are not permitted to move or relocate the Machine after its installation without our express written permission. Whether or not we would allow relocation depends on the circumstances at the time and what is in the franchise system's best interests (any relocation will be at your sole cost). Factors we will consider include, for example, the proposed market area, its proximity to other IceBorn Machines, whether you are complying with your Franchise Agreement, and how long it will take you to open the Machine at the new location.

We will designate a protected territory in Exhibit B to the Franchise Agreement. The protected territory will be based upon population density, drive times and market potential and will generally be approximately 1 mile, although the size may vary depending upon the factors described above. During the term of the Franchise Agreement, we will not to operate or grant to any third party the right to operate IceBorn Machines in the protected territory. We and our affiliates reserve all other rights within and outside of the protected territory, including the right to sell, distribute or operate other types of machinery that produces ready-made, bulk or bagged ice and bulk water at any location within or outside of the protected territory, including smaller versions of our or our affiliates' ice vending units. We need not compensate you if we engage in these activities. You will not receive an exclusive territory. You may face competition from outlets that we own, from other channels of distribution or competitive brands that we control. However, we may only conduct business in your protected territory in the event that we exercise our right to initiate (without your consent) a national or regional account sales program for products that could be located in your protected territory. "National or regional account" means an account with a third party that has interstate or regional operations in multiple locations.

You may not advertise your business or products sold at the Machine over the Internet (or any other form of electronic commerce) or establish a related digital media account or website without our prior written consent.

We do not at this time have any plans to operate or franchise a business under different trademarks that sell or will sell goods or services similar to those granted to you under the Franchise Agreement, but we reserve the right to do so in any area. As noted in Item 1, IHA has entered into agreements with Distributors and Owners for the manufacture, sale, and distribution of Twice the Ice Machines. You should also be aware that we do not control the locations of Twice the Ice Machines and other products previously sold to Distributors and Owners or which may be sold to existing Distributors and Owners in the future. We do not represent or warrant that the Distributors and Owners owning Twice the Ice Machines will not in the future locate them in your protected territory.

Unless you sign a Multi-Unit Zone Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises. There are no circumstances under

which we can alter or modify the protected territory. Your territorial exclusivity will not depend on your maintaining certain sales volumes or market penetration.

Multi-Unit Zone Franchise Agreement

If you sign a Multi-Unit Zone Franchise Agreement, you will place multiple IceBorn Machines within the Zone. We and you will identify the Zone in the Multi-Unit Zone Franchise Agreement before signing it. Sizes and boundaries for Zones will vary widely depending on factors like economic conditions in the market you are developing, the number of IceBorn Machines that you agree to place in the Zone, demographics, and site availability. There is no minimum size for Zones. We will describe the Zone using streets or other natural boundaries or, in some markets, city or county boundaries. We and you will negotiate the Development Schedule describing the number of IceBorn Machines that you must place and operate in the Zone to keep your development rights and the dates by which you must operate them. We and you then will complete the Development Schedule in the Multi-Unit Zone Franchise Agreement before signing it.

If you and your affiliates are in full compliance with the Multi-Unit Zone Franchise Agreement and other agreements (including the Franchise Agreement), then, during the Multi-Unit Zone Franchise Agreement's term, neither we nor our affiliates will operate, or authorize any other party to operate, an IceBorn Machine that has its physical location within the Zone. However, we and our affiliates have and retain all rights within and outside the Zone, including the right, among others, to (i) develop, establish and acquire other business systems within and outside the Zone (including systems that distribute products or services similar to IceBorn Machines) without providing any rights to you or requiring your approval, (ii) initiate a national or regional account sales program in the Zone, and (iii) advertise and promote IceBorn Machines in the Zone, including through the Internet. After the Multi-Unit Zone Franchise Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Zone without any restrictions whatsoever, subject only to your (or any affiliate's) rights under franchise agreements with us then in effect.

There are no other restrictions on us or our affiliates under the Multi-Unit Zone Franchise Agreement. We may terminate the Multi-Unit Zone Franchise Agreement if you do not satisfy your obligations according to the Development Schedule. Except as described above, continuation of your territorial rights in the Zone does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Zone or your territorial rights.

ITEM 13 **TRADEMARKS**

You may use certain Marks in operating your Machine. Twice The Ice registered the following principal Marks with the United States Patent and Trademark Office (the "USPTO")

Mark	Register	Registration Number	Registration Date
IceBorn	Principal	4,486,164	February 18, 2014
SmartIce	Principal	4,495,903	March 11, 2014
Fresh from the Source	Principal	4,677,459	January 27, 2015

We entered into an amended trademark license agreement with Twice The Ice dated June 12, 2015 (the "Trademark License Agreement") giving us the right to use and sublicense to franchisees the rights to use the "IceBorn," "SmartIce" and "Fresh from the Source" Marks. The Trademark License Agreement's term is perpetual. The Trademark License Agreement can only be terminated for cause or by mutual agreement of the parties. In the event of a termination of the Trademark License Agreement, Twice The Ice will allow you to use the "IceBorn," "SmartIce" and "Fresh from the Source" Marks for the term and any renewal term of the Franchise Agreement if you are in compliance with the Franchise Agreement. Twice The Ice intends to renew all registrations when due and file all appropriate affidavits.

IHA registered the following principal Marks with the USPTO:

Mark	Register	Registration Number	Registration Date	Affidavits Filed?	Registration Renewed?
ICE HOUSE AMERICA	Principal	3,167,577	November 7, 2006	Yes	Yes
ICE HOUSE AMERICA	Principal	3,153,128	October 10, 2006	Yes	Yes
TWICE THE ICE	Principal	3,185,688	December 19, 2006	Yes	Yes

We entered into a trademark license agreement with IHA dated April 26, 2012 (the "IHA Trademark License Agreement") giving us the right to use and sublicense to franchisees the rights to use the above-listed Marks. The IHA Trademark License Agreement's term is perpetual. The IHA Trademark License Agreement can only be terminated for cause or by mutual agreement of the parties. In the event of a termination of the IHA Trademark License Agreement, IHA will allow you to use the above-listed Marks for the term and any renewal term of the Franchise Agreement if you are in compliance with the Franchise Agreement.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. Except as noted above, no other agreement limits our right to use or license the Marks.

You must follow our rules when you use the Marks. You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying your business and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You, your principal owners, and your other owners must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or USPTO (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

We are obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the franchise system. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute trademarks at your expense. We need not reimburse you for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14 **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Certain patents currently are material to the franchise and relate to the IceBorn Machines manufactured and sold by IHA to our franchisees.

Patent	Type	Application Filing Date	Patent Number	Issuance Date
Ice Vending Apparatus and Method (original)	Utility	November 19, 2003	6,932,124	August 23, 2005
Ice Vending Apparatus and Method (Continuation)	Utility	April 21, 2005	7,104,291	September 12, 2006
Ice Vending Apparatus and Method (Second Continuation)	Utility	April 5, 2006	7,426,945	September 23, 2008

Patent	Type	Application Filing Date	Patent Number	Issuance Date
Leveler Improvement on Ice Vending Apparatus	Utility	April 27, 2006	7,735,527	June 15, 2010
Ice Vending Apparatus and Method (Third Continuation)	Utility	April 18, 2008	7,806,152	October 5, 2010
Leveler Improvement on Ice Vending Apparatus	Utility	April 27, 2010	8,245,488	August 21, 2012
Ice Vending Apparatus and Method (Third Continuation)	Utility	August 30, 2010	8,561,655	October 22, 2013

These patents have a duration of 20 years from the date of filing of the original patent application to which the patent relates. We and our affiliates currently have no pending patent applications that we believe are material to the franchise.

We do not know of any currently effective material determinations of the USPTO or any court, or of any pending infringement, opposition, or re-examination proceedings or material litigation, involving the patents. We do not currently know of either superior prior rights or infringing uses that could materially affect your use of the Machine.

There are no agreements limiting IHA's use of any patent that may affect the use of your Machine. There are no provisions in the Franchise Agreement or Multi-Unit Zone Franchise Agreement (1) obligating us or IHA to protect the patents or defend you against claims arising out of your use of the patented items, (2) requiring you to notify us or IHA of any claims of infringement concerning the patents by any third party, (3) requiring us or IHA to take affirmative action if notified of any infringement, and (4) obligating us or IHA to participate in any defense involving an infringement claim or to indemnify you for expenses or damages in any proceeding involving any patents. IHA has the right to control any litigation involving infringement of the patents.

We and IHA claim copyrights in the Operating Manual (which contains our trade secrets and confidential information), our logos, advertising and marketing materials, and similar items we prepare and disclose to you. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use these items only as we specify while operating your Machine (and must stop using them if we so direct you).

Our Operating Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law). Confidential information includes things like standards, procedures, product information, specifications and the methods of operation of IceBorn Machines. You may not use any confidential information for the benefit of any other person, persons, partnership, association, or corporation, must keep the confidential information absolutely secret and confidential, must not make unauthorized copies of any confidential information (including the Operating Manual), must use all reasonable efforts to prevent unauthorized use or disclosure (including limiting disclosure to your

employees who must have access to the confidential information in order to assist you in the operation of your business and using confidentiality covenants we specify with those having access)

We do not know of any currently effective adverse determinations of the USPTO, the United States Copyright Office or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the franchise system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

You must devote sufficient time and effort to operate, market, and service the Machine. We do not require, but do recommend, that you (if you are an individual) or your principal owner (if you are an entity) fulfill these obligations and participate personally in the direct operation of the Machine.

There are no limits in the Franchise Agreement on whom you may hire as an on-site manager or supervisor of the business you conduct at the Machine. We will provide training for your existing or replacement managers. We do not require that any manager or supervisor have an equity interest in your business.

At our option, you must ensure that all of your managers and other personnel having access to confidential information sign agreements in a form we reasonably specify under which they agree to maintain the confidentiality of information they receive in connection with their employment.

Each of your owners must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all provisions of the Franchise Agreement.

Multi-Unit Zone Franchise Agreement

You must develop the number of IceBorn Machines in your Zone according to the Development Schedule. We do not require, but do recommend, that you personally supervise your development of IceBorn Machines. You must hire sufficient personnel to manage and supervise the development of your IceBorn Machines. The personnel need not have an equity interest in you or your business or attend our training program. If you are a business entity, your

owners need not sign any personal guarantees of your obligations under the Multi-Unit Zone Franchise Agreement

At our option, you must ensure that all of your managers and other personnel having access to confidential information sign agreements in a form we reasonably specify under which they agree to maintain the confidentiality of information they receive in connection with their employment

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only ready-made, bulk or bagged ice and bulk water, at the Machine and all other products that we periodically require for IceBorn Machines. You may not offer or sell any products or perform any delivery services that we have not authorized. We periodically may change required and/or authorized products and service offerings. However, we will not obligate you to invest capital for new products or services when the investment cannot be amortized over the remaining term of your Franchise Agreement. Otherwise, there are no limits on any of our rights to change the products and services that your Machine may or must provide.

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.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a Length of the term	Section 3	10 years
b Renewal or extension of the term	Section 3	You have the right to renew the Franchise Agreement for one 10-year period.

Provision	Section in Franchise Agreement	Summary
c Requirements for franchisee to renew or extend	Section 3	You must (1) give us written notice of your intent to renew at least 12 months, but not more than 18 months, before the end of the Franchise Agreement's term, (2) have complied and currently be in compliance with the terms of Franchise Agreement, (3) be able to retain possession of the Machine's site during the renewal period or to secure a suitable substitute site that we approve, and (4) if we request, sign the then current form of franchise agreement which may have materially different terms and conditions than the Franchise Agreement "Renewal" means signing our then current franchise agreement, which could contain materially different terms (including on Zone and fees)
d Termination by franchisee	Not Applicable	You may not terminate the Franchise Agreement except under grounds available by law
e Termination by franchisor without cause	Not Applicable	We may not terminate the Franchise Agreement without cause
f Termination by franchisor with cause	Section 16	We may terminate the Franchise Agreement only if you commit any one of several violations
g "Cause" defined – curable defaults	Section 16	You have 10 business days to cure payment defaults You have 20 business days to cure training defaults and failure to comply with any other provision of the Franchise Agreement not listed in (h) below
h "Cause" defined – non-curable defaults	Section 16	Automatic, without notice, if you become insolvent, are adjudicated a bankrupt, or make an assignment for the benefit of creditors On notice, if you abandon the business, are convicted of a felony, make an unauthorized transfer, breach the non-competition or confidentiality covenants, maintain false books or records, or submit false reports or statements to us
i Franchisee's obligations on termination/non-renewal	Section 17	You must (1) pay outstanding amounts, (2) cease to represent yourself or any business as our current or former authorized franchisee, representative or associate, (3) cease using the Marks, (4) return to us the Operating Manual and all advertising materials, and (5) de-identify the Machine
j Assignment of contract by franchisor	Section 22 A	No restriction on our right to transfer or assign.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	Section 22 B	Includes transfer of any interest in the Franchise Agreement, the business, or ownership interest in you if you are an entity
l Franchisor's approval of transfer by franchisee	Section 22 B	You may not transfer without our prior written consent
m. Conditions for franchisor's approval of transfer	Section 22 B	You made all payments under Franchise Agreement, you are in compliance with Franchise Agreement, transferee and its owners meet standards, you (and your owners) sign general release (if state law allows), transferee signs assignment agreement or our then current franchise agreement, transferee completes training, and you or transferee pays transfer fee
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o Franchisor's option to purchase franchisee's business	Section 17	We may purchase the Machine for fair market value when the Franchise Agreement expires or terminates
p Death or disability of franchisee	Section 22 C	You must transfer to an approved party within 6 months We may terminate Franchise Agreement if transfer does not occur within reasonable time
q Non-competition covenants during the term of the franchise	Section 23	No owning interest in, performing services for, loaning money or guaranteeing loan to, or diverting business or customers to competitive business anywhere
r Non-competition covenants after the franchise is terminated or expires	Section 23	For 2 years after the Franchise Agreement terminates or expires, no owning interest in or performing services for a competitive business at the Machine or 5 miles from the Machine
s Modification of the Agreement	Sections 8 and 31	No modifications without signed writing, but we may change Operating Manual and Marks
t Integration/merger clause	Section 31	Only the Franchise Agreement's terms are binding (subject to state law) Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Sections 25	All controversies, disputes or claims are subject to arbitration in the city where we maintain our headquarters at the time that the action is brought (currently Jacksonville, Florida) (subject to state law)
v Choice of forum	Section 27	Subject to arbitration obligations, litigation is in the state courts in the state where we maintain our principal place of business at the time that the action is brought and the federal district courts for such state (currently Florida) (subject to state law)
w Choice of law	Section 27	Except for Federal Arbitration Act and other federal law, Florida law applies (subject to state law)

Multi-Unit Zone Franchise Agreement

Provision	Section in Multi-Unit Zone Franchise Agreement	Summary
a Length of the franchise term	Section 2	Multi-Unit Zone Franchise Agreement expires on the earlier of the date specified in the Development Schedule or the opening date of the last IceBorn Machine listed on the Development Schedule
b Renewal or extension of the term	Not Applicable	You have no right to renew the Multi-Unit Zone Franchise Agreement
c Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d Termination by franchisee	Not Applicable	You may not terminate the Multi-Unit Zone Franchise Agreement except under grounds available by law
e Termination by franchisor without cause	Not Applicable	We may not terminate the Multi-Unit Zone Franchise Agreement without cause
f Termination by franchisor with cause	Section 10	We may terminate the Multi-Unit Zone Franchise Agreement only if you commit any one of several violations
g "Cause" defined – curable defaults	Section 10	You have 30 days to cure failure to satisfy either your development obligations under the Development Schedule or any other obligation under the Multi-Unit Zone Franchise Agreement
h. "Cause" defined – non-curable defaults	Section 10	We can terminate if any franchise agreement for an IceBorn Machine is terminated by us or you for any reason.
i Franchisee's obligations on termination/non-renewal	Section 10	You will lose all rights to further develop IceBorn Machines in the Zone Termination will not affect your right to operate any IceBorn Machines in existence or under development if you are in compliance with the franchise agreement for an IceBorn Machine
j Assignment of contract by franchisor	Section 9 A	No restriction on our right to transfer or assign.



FRANCHISE DISCLOSURE DOCUMENT

IHA Franchising, LLC
a Delaware limited liability company
13901 Sutton Park Drive South
Building A, Suite 100
Jacksonville, Florida 32224
904-241-7535
franchise@icehouseamerica.com
www.icehouseamerica.com
www.ice-born.com

The franchise offered is the right to open and operate a vending unit under the “ICEBORN®” name that manufactures, stores, bags and sells chipped or cubed ice and water on demand to the public

The total investment necessary to begin operation of an IceBorn Machine franchise is \$113,050 to \$245,650. This includes \$88,200 to \$163,750 that must be paid to the franchisor or affiliate. If you want multi-unit development rights, you must pay us a development fee equal to \$7,000 multiplied by the number of IceBorn Machines you agree to develop. We do not charge separate initial franchise fees if you sign a Multi-Unit Zone Franchise Agreement.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224, 888-391-8065.

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

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

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

Issuance date of this Franchise Disclosure Document August 26, 2019

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit F for information about us or about franchising in your state.

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

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

- 1 THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN THE CITY CLOSEST TO OUR HEADQUARTERS AND BY LITIGATION ONLY IN THE STATE WHERE OUR HEADQUARTERS IS LOCATED. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN THE STATE OR CITY WHERE OUR HEADQUARTERS IS LOCATED THAN IN YOUR HOME STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE FRANCHISE AGREEMENT AND MULTI-UNIT ZONE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 MACHINES PREVIOUSLY SOLD TO INDEPENDENT OWNERS, DEALERS, AND/OR DISTRIBUTORS MAY BE LOCATED WITHIN A FRANCHISEE'S TERRITORY.
- 4 WE RESERVE THE RIGHT TO SELL OR DISTRIBUTE OTHER TYPES OF ICE VENDING DISPENSING MACHINES WITHIN A FRANCHISEE'S TERRITORY. WE ALSO RESERVE THE RIGHT TO ESTABLISH A NATIONAL OR REGIONAL ACCOUNT WITHIN THE FRANCHISEE'S TERRITORY.
- 5 THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date See the next page for state effective dates.

IHA FRANCHISING, LLC

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	Pending
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Washington	Pending
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In all other states without franchise registration laws, the effective date of this Franchise Disclosure Document is the issuance date of August 26, 2019

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is IHA Franchising, LLC ("we," "us" or "our") We refer to the person interested in buying a franchise as "you" or "your" If you are a corporation, partnership, limited liability company, or other entity, certain provisions of our agreements will apply to your owners These will be addressed in this disclosure document where appropriate Your owners will also be obligated to sign a guaranty attached to our agreements agreeing to be bound by the obligations of the agreements

We were organized in Delaware as a limited liability company on March 28, 2012 We maintain our principal place of business at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 We do business under our company or limited liability company name, the name "ICE HOUSE AMERICA," and the trademarks described in Item 13 (the "Marks") If we have an agent in your state for service of process, we disclose that agent in Exhibit F

The Franchise Offered

We grant franchise rights to open and operate IceBorn Houses and IceBorn Kiosks (collectively, "IceBorn Machines") at locations approved by us under the terms of a Franchise Agreement (Exhibit B) In this disclosure document, we call the IceBorn Machine that you operate under the Franchise Agreement the "Machine" IceBorn Machines are self-contained vending units which manufacture, store, bag and dispense chipped or cubed ice and water on demand IceBorn Machines are customizable with a variety of standard and optional features, including remote management of performance (the "SmartIce Remote Management System"), reverse osmosis purification, alternative exterior finishings, multiple payment system options, and water dispensers IceBorn Machines differ primarily in their physical footprint, cost and production and storage capacity The "IceBorn House," the largest model, has a 6,500 pound ice storage capacity and is usually deployed at busy commercial centers and high traffic locations The "IceBorn Kiosk" is designed for smaller locations and offers a 2,400 to 3,000 pound ice storage capacity

We grant multi-unit development rights to qualified franchisees, who then will have the right to place a number of IceBorn Machines within a defined geographic area (the "Zone") according to a mandatory development schedule (the "Development Schedule") We grant these rights under the Multi-Unit Zone Franchise Agreement (Exhibit C) You will sign our then current form of franchise agreement for each IceBorn Machine developed under the Multi-Unit Zone Franchise Agreement Each then current form of franchise agreement may differ from the version of Franchise Agreement attached to this disclosure document However, under the franchise agreements, you will not pay the initial franchise fee for any IceBorn Machine that you place within the Zone during the Multi-Unit Zone Franchise Agreement's term in compliance with the Development Schedule, and you may pay a reduced royalty fee depending on the number of IceBorn Machines you purchase and simultaneously operate

Parents, Predecessors and Affiliates

We are a wholly-owned subsidiary of Twice The Ice Holdings, LLC ("Twice The Ice"), a Delaware limited liability company which shares our principal business address. We became a subsidiary of Twice The Ice in June 2013 following a corporate restructuring. Twice The Ice is owned in substantial part by TTI Investments, LLC ("TTI"), a Delaware limited liability company whose principal business address is One Rockefeller Plaza, 20th Floor, New York, New York 10020. Twice The Ice and TTI are holding companies for various ice and water vending business-related entities. In March 2011, TTI was acquired by an investment fund sponsored by Ulysses Management, LLC ("Ulysses"), which shares TTI's principal business address. Ulysses is a diversified investment firm that makes control investments, typically in growing middle market companies in a variety of industries.

Our affiliate, Ice House America, LLC ("IHA"), manufactures and distributes various products that produce ready-made, bulk or bagged ice and bulk water to the consuming public, including IceBorn Machines. IHA is a Florida limited liability company and shares our principal business address. IHA manufactures IceBorn Machines in its factory located in Moultrie, Georgia, and sells IceBorn Machines to our franchisees. IHA does not operate IceBorn Machines, but it does own and operate 107 ice vending units of various sizes under different trademarks.

Since 2003, IHA also has entered into agreements with independent distributors ("Distributors") and owner-operators ("Owners") for the manufacture, sale, and distribution of ice vending units under the trademark "Twice the Ice®" ("Twice the Ice Machines"). 16 Distributors and over 1,000 Owners currently operate 3,220 Twice the Ice Machines in 30 states. Although Distributors and Owners may operate existing Twice the Ice Machines in your state, IHA currently only offers independent business opportunities for Twice the Ice Machines in the eastern United States, and we only offer franchise opportunities for IceBorn Machines in the western United States. Existing independent Owners who previously purchased Twice the Ice Machines but who are converting to our franchise model may continue to use the "Twice the Ice®" trademark with their Twice the Ice Machines.

We have offered IceBorn Machine franchises since May 2012. We have no other business activities and have not offered franchises in other lines of business. We have no predecessors. We do not operate IceBorn Machines. Except as described above, we have no other affiliates that provide products or services to franchisees or offer franchises in any line of business.

Competition

The market for ready-made, bulk or bagged ice and bulk water is well-established and highly competitive. There are regional and local chains that operate machinery and equipment that produce ready-made, bulk or bagged ice and bulk water at locations similar to the ones you may operate. Ready-made, bulk or bagged ice and bulk water is also available at various retail locations, such as convenience and grocery stores. We believe that customers will use our

IceBorn Machines because of their reliability, convenience, attractive price, and the volume of ice and water that is dispensed

Industry-Specific Regulation

Many of the laws, rules and regulations that apply to business generally, like the Americans With Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to the ready-made ice and bulk water business. Many state, local, and federal laws also apply specifically to the sale of ice and water and food handling and safety, including laws, rules and regulations promulgated by the Food and Drug Administration, Department of Agriculture, and Department of Environmental Protection. There are also local zoning, licensing and permit laws that you may need to satisfy to conduct your business. However, other laws, rules and regulations have particular applicability to your business. You should investigate all of these laws.

ITEM 2 **BUSINESS EXPERIENCE**

Chief Executive Officer: Troy Doom

Mr. Doom has been our and IHA's Chief Executive Officer since July 2014. He was Chief Operating Officer of IHA from March 2014 to June 2014, and its Vice President of Engineering and Operations from September 2012 to March 2014.

Chief Financial Officer: Mark R. Mueller

Mr. Mueller has been our and IHA's Chief Financial Officer since February 2015. Mr. Mueller held various positions with Crane Merchandising Systems, a unit of Crane Co., located in Williston, South Carolina, from February 2009 to February 2015, including Chief Financial Officer.

Vice President, Sales and Marketing: Michael Little

Mr. Little has been our and IHA's Vice President, Sales and Marketing since January 2018. From October 2013 to January 2018, he was IHA's Vice President, Dealer Sales and Marketing, and served as IHA's Vice President, Marketing from March 2012 to October 2013.

Director of Franchise Development: Corey Bowman

Mr. Bowman has been our Director of Franchise Development since May 2018. From April 2017 to April 2018, he was a Project Manager for Best Bath Systems, Inc., located in Boise, Idaho. From December 2016 to April 2017, Mr. Bowman was between careers. Mr. Bowman was Vice President of Franchise Sales for Pita Pit USA, Inc., located in Coeur d'Alene, Idaho, from January 2013 to April 2014 and its President of Franchise Operations from April 2014 to December 2016.

Manager: Paul D. Barnett

Mr Barnett has been one of our Managers since our formation in March 2012 Mr Barnett has been Managing Director of Ulysses, located in New York, New York, since February 2005

Manager: Tobias M. Rando

Mr Rando has been one of our Mangers since our formation in March 2012 Mr Rando has been a Principal of Ulysses, located in New York, New York, since April 2005

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement The initial franchise fee is \$7,000 (unless you sign a Multi-Unit Zone Franchise Agreement, as described below)

You must purchase an IceBorn House or IceBorn Kiosk from IHA when you sign the Franchise Agreement Currently, your Machine will range from \$81,200 to \$138,450 depending on the products and options you select for your Machine If IHA ships and installs your Machine, you must pay IHA delivery and installation fees and costs, which will range from \$8,000 to \$15,500 These fees and costs depend on current packing and shipping costs and the distance of your Machine's site from IHA's manufacturing facility

We will provide an initial training program for you (or if you are an entity, for your principal owner) at no additional charge If you would like on-site training prior to opening the Machine, we may provide that training to you for an additional fee, which we estimate will not exceed \$2,000

You have the option to purchase one to 3 boxes of bags for ice dispensed at the Machine from IHA If you do so, you will pay IHA approximately \$100 to \$300, depending on the number of boxes you choose to purchase You also have the option to purchase marketing materials from IHA for the opening promotion of your Machine, for which we estimate you will pay IHA between \$200 and \$500

The initial franchise fee and other expenses we describe in this Item 5 are non-refundable

Multi-Unit Zone Franchise Agreement

You must pay us a lump sum development fee when you sign the Multi-Unit Zone Franchise Agreement. The development fee is \$7,000 multiplied by the number of IceBorn Machines you agree to place in the Zone pursuant to the Development Schedule, including the IceBorn Machine covered by the first Franchise Agreement you sign. We will insert this fee in the Multi-Unit Zone Franchise Agreement before signing it. The development fee is non-refundable. If you sign the Multi-Unit Zone Franchise Agreement, you will not pay a separate initial franchise fee for any IceBorn Machine you purchase and place within the Zone.

ITEM 6 **OTHER FEES**

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues ⁽²⁾	15th day of the month based on Gross Revenues generated in the previous month	"Gross Revenues" includes payments by cash, credit or debit card in connection with the operation of the Machine
Marketing Fee	1% of Gross Revenues ⁽³⁾	Same as Royalty Fee	For local, regional and national advertising and promotions
SmartIce Remote Management System Fee	Currently \$45 per month, but could increase if our costs increase	First payment is due on the first business day of the month following the month that the IceBorn House or IceBorn Kiosk is operational, and all other payments are due on the same day of each month thereafter	The SmartIce Remote Management System Fee is \$40 per month if paid one year in advance and \$35 per month if paid 2 years in advance
Audits	Cost of audit, plus interest	Immediately upon receipt of invoice	Due if an audit reveals a 1.5% or greater understatement of your Gross Revenues

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee ⁽⁴⁾	\$2,000	Upon application for consent to transfer	Payable if you transfer the Franchise Agreement
Interest	1 5% per month or the highest interest rate permitted by law, whichever is less	On demand	Due for each late payment
Indemnification ⁽⁴⁾	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims relating to the operation of your Machine
Costs and Attorneys' Fees ⁽⁴⁾	Will vary under circumstances	As incurred	Due if we prevail in any arbitration or litigation under the Franchise Agreement
Special Assistance Fees and Charges	Will vary under circumstances	As incurred	Payable for additional assistance and guidance beyond what we normally provide to our franchisees

Notes

- 1 Except as otherwise noted in this Item 6, all fees are imposed and collected by, and payable to, us Except as noted above, all fees are non-refundable and currently are uniformly imposed
- 2 If you sign the Multi-Unit Zone Franchise Agreement, you will pay a reduced royalty fee under the franchise agreements for the IceBorn Machines that you place in the Zone in compliance with the Development Schedule Your reduced royalty fee depends on the number of IceBorn Machines that you simultaneously operate under effective franchise agreements Specifically, if you have
 - (i) at least 5 but no more than 9 IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 5 5% of Gross Revenues for the franchise term (or balance of the term),
 - (ii) at least 10 but no more than 14 IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 5% of Gross Revenues for the franchise term (or balance of the term), and

- (iii) 15 or more IceBorn Machines in simultaneous operation within the Zone, we will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to 4 5% of Gross Revenues for the franchise term (or balance of the term)

We and you will sign an amendment to each franchise agreement evidencing the applicable royalty reduction. However, if at any time during the Multi-Unit Zone Franchise Agreement's term, you and your affiliates fail to have the number of IceBorn Machines in simultaneous operation to satisfy the applicable royalty reduction threshold(s) outlined above, then we will have the right, in addition to all other remedies under the Multi-Unit Zone Franchise Agreement, to reinstate the applicable royalty fee payable to us based on the number of IceBorn Machines you then simultaneously operate effective immediately upon written notice to you. If you own and operate pre-existing IceBorn Machines at locations within the Zone before signing the Multi-Unit Zone Franchise Agreement, those IceBorn Machines will count toward the total number of IceBorn Machines used to determine the royalty fee reduction described above.

- 3 Within 30 days after the end of each calendar quarter during the Franchise Agreement's term, we will remit to you an amount up to 50% of the marketing fees you paid us during the calendar year to reimburse you for approved local marketing and advertising of the Machine that occurred in any prior calendar quarter during the calendar year for which you have not requested reimbursement (the "Marketing Reimbursement"). You will receive the Marketing Reimbursement only if you satisfy the conditions detailed in Item 11.
- 4 These fees also are due under the Multi-Unit Zone Franchise Agreement. If you transfer the Multi-Unit Zone Franchise Agreement, you must pay us a transfer fee equal to the number of remaining IceBorn Machines to be developed under the Development Schedule multiplied by \$7,000.
- 5 We currently do not have any advertising or other cooperatives.

ITEM 7 **ESTIMATED INITIAL INVESTMENT**

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$7,000	Lump sum	On signing of Franchise Agreement	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First Month's Rent ⁽²⁾	\$350 to \$1,000	As agreed	As incurred	Lessor
Leasehold Improvements ⁽³⁾	\$12,000 to \$60,000	As agreed	As incurred	Contractor
Delivery and Installation ⁽⁴⁾	\$8,000 to \$15,500	As agreed	As incurred	IHA or Contractor
IceBorn Machine ⁽⁵⁾	\$81,200 to \$138,450	As agreed	As invoiced	IHA
Annual Business Licenses and Permits ⁽⁶⁾	\$200 to \$600	As agreed	As incurred	Government Agencies
Initial Training Costs ⁽⁷⁾	\$500 to \$4,000	As agreed	As invoiced	Third Parties or IHA
Initial Inventory/Supplies ⁽⁸⁾	\$100 to \$4,700	As agreed	As incurred	IHA or Suppliers
Professional Services ⁽⁹⁾	\$0 to \$7,000	As agreed	As incurred	Accountants, Lawyers, Architect, Engineer, or IHA
Opening Promotion ⁽¹⁰⁾	\$200 to \$1,000	As agreed	Prior to opening	Suppliers or IHA
Annual Insurance Premium	\$500 to \$1,400	As agreed	As incurred	Insurance Broker
Additional Funds – 3-Months ⁽¹¹⁾	\$3,000 to \$5,000	As agreed	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹²⁾	\$113,050 to \$245,650			

None of these expenditures is refundable

Notes

1 As described in Item 5, the initial franchise fee is \$7,000

- 2 This estimate represents the first month's rent for the site of your Machine. The rent depends on the size, condition, and geographic location of the site and the demand for the site among prospective lessees. The typical location for an IceBorn Machine is a retail business center, convenience store, campground, marina, fairground, or recreational attraction. We anticipate that you will rent the Machine's location. Landlords generally do not require a security deposit.
- 3 These amounts represent the costs for improvements at your site necessary to install and operate the Machine. Leasehold improvement costs – which could include permits, landscaping, general construction, electrical, water and similar utility work – depend on the site's condition, location, and size and the site's previous use.
- 4 You are responsible for the costs IHA or a contractor incurs to ship and install your Machine. The cost depends on current packing and shipping costs and the distance of your Machine's site from IHA's manufacturing facility.
- 5 Your costs will depend upon whether you purchase the IceBorn House or IceBorn Kiosk, as well as the products and options you select for your Machine.
- 6 These amounts represent the costs of acquiring business licenses and permits necessary to operate the Machine.
- 7 This is an estimated average cost of travel and living expenses for you to attend our initial training program held in Moultrie, Georgia and/or Jacksonville, Florida. This figure also includes an amount for on-site training at the location of your Machine.
- 8 Inventory and supplies include bags for ice dispensed at the Machine and products and materials related to the operation of the Machine.
- 9 These costs include fees paid to professionals for permitting and zoning approval of the location at which to operate your Machine.
- 10 These expenses relate to general opening advertising and promotion of the Machine during your start-up period.
- 11 This item estimates your initial start-up expenses (other than the items identified separately in the table). These amounts do not include any estimates for debt service. These figures are estimates only, and you may need additional working capital during the first 3 months you operate your Machine and for a longer time period after that. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Machine will break even. We cannot guarantee when or if your Machine will break even. Your costs depend on your management skill, experience, and business acumen, local economic conditions, the local market for ready-made, bulk or bagged ice and bulk water, and competition.
- 12 We relied on IHA's experience owning and operating ice vending units over more than 15 years to compile this additional funds estimate. You should review these figures carefully with your business advisor. Unless otherwise stated above, these estimates are subject to

increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control. We do not offer any financing for the initial franchise fee or for any portion of your investment.

Multi-Unit Zone Franchise Agreement

Except for the non-refundable development fee, there is no initial investment required to begin operating under the Multi-Unit Zone Franchise Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We will provide you, through the Operating Manual (defined in Item 11) and other materials we provide or make available to you, the standards and specifications for the fixtures, equipment (including computer hardware and software) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance and that you must use. We will provide these standards and specifications to you in the form of paper copies, electronic copies on computer CD, or electronic copies accessed through the Internet or other communication systems. We issue and modify our methods, standards and specifications based on our, our affiliates' and our franchisees' experience in franchising and/or operating IceBorn Machines. We may modify the methods, standards and specifications periodically and will notify you of these modifications.

You must purchase an IceBorn House or IceBorn Kiosk from IHA when you sign the Franchise Agreement. IHA is the only approved supplier of IceBorn Machines. IHA's current Terms and Conditions for the sale of IceBorn Machines are attached as Exhibit D. IHA reserves the right to change or modify the Terms and Conditions.

You currently must purchase all bags, replacement and repair parts, and other products and materials necessary to operate the Machine according to our standards and specifications and only from suppliers that we designate or approve (which may include us or our affiliates). We currently are not the only approved supplier of any good or service in the franchise system. If you want to purchase bags and other products and materials from a supplier we have not yet approved or designated, you must first submit a request to us along with information and specifications about the supplier we request so that we may determine whether the supplier meets our criteria. We will notify you within a reasonable period of time, which in most cases will not exceed 30 days, whether the supplier and its products or materials meet our requirements. We currently do not charge a fee for our review of a new supplier, but we may do so in the future. We may revoke our approval of a supplier if the supplier's materials or supplies no longer meet our requirements and criteria by notifying you and/or the supplier. We do not make our criteria for approving suppliers available to our franchisees.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Machine that you currently must buy or lease from us (or our affiliate) or from designated or approved suppliers.

You may operate your Machine only at a site we approve. You may not move or relocate the Machine after its installation without our prior written approval.

Before you use them, you must submit to us for approval all press releases and policy statements and samples of all local advertising, marketing and related materials that we have not prepared or previously approved.

You must obtain and maintain in full force and effect during the term of the Franchise Agreement, at your expense, an insurance policy or policies protecting you and us, and our respective officers, directors, partners, and employees, against any claims for loss, liability, personal injury, death, property damage, or any expense whatsoever arising out of or occurring upon or in connection with your business. Such policy or policies must be written by an insurance company satisfactory to us in accordance with our then current standards and specifications for insurance coverage, including minimum policy limits of coverage. Our current insurance requirements are set forth in Exhibit D of the Franchise Agreement.

Collectively, the purchases and leases that you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 90% to 100% of your overall purchases and leases in establishing and operating the Machine.

During our 2018 fiscal year, we received no revenue from direct sales or leases of products or services to franchisees. During the 2018 fiscal year, IHA received a total of \$717,062 from the sale of IceBorn Machines and related items to our franchisees. The information about our affiliate's revenue is from its internal unaudited records.

Because IHA is an affiliate, certain of our officers naturally own an interest in IHA. However, none of our officers owns any interest in any current, unaffiliated supplier of goods or services to the franchise system. During the 2018 fiscal year, we and our affiliates did not receive, and we currently do not expect to receive, any payments from designated and approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers. There currently are no purchasing or distribution cooperatives. We and our affiliates currently do not negotiate purchase arrangements with suppliers for the items and services described earlier in this Item that you may obtain only from designated sources, but we may do so in the future. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

The Multi-Unit Zone Franchise Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a Site selection and acquisition/lease	1 and Exhibit A of Franchise Agreement, 3 of Multi-Unit Zone Franchise Agreement	7 and 11
b Pre-opening purchases/leases	1 and 5 of Franchise Agreement	5, 6, 7 and 8
c Site development and other pre-opening requirements	1 of the Franchise Agreement	7, 8 and 11
d. Initial and ongoing training	9 E and 9 F of Franchise Agreement	5, 6 and 11
e Opening	1 of Franchise Agreement	5 and 11
f Fees	4 and 5 of Franchise Agreement, 1 B of Multi-Unit Zone Franchise Agreement	5, 6 and 7
g Compliance with standards and policies/Operating Manual	7 and 8 of Franchise Agreement	6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information	11 of Franchise Agreement	13 and 14
i Restrictions on products/services offered	5 of Franchise Agreement	6, 7, 8, 11, and 16
j Warranty and customer services requirements	7 of Franchise Agreement	6 and 11
k. Territorial development and sales quotas	1 C, 1 D, 6 A and Exhibits A and B of Multi-Unit Zone Franchise Agreement	12
l Ongoing product/service purchases	5 of Franchise Agreement	6, 7 and 8
m Maintenance, appearance and remodeling requirements	7 of Franchise Agreement	8 and 11

Obligation	Section in agreement	Disclosure document item
n. Insurance	15 of Franchise Agreement, 14 and Exhibit D of Multi-Unit Zone Franchise Agreement	6, 7 and 8
o Advertising	6 of Franchise Agreement, 5 C and 5 D of Multi-Unit Zone Franchise Agreement	6, 7 and 11
p Indemnification	20 of Franchise Agreement, 15 of Multi-Unit Zone Franchise Agreement	None
q Owner's participation/management/staffing	1 of Franchise Agreement	11 and 15
r Records and reports	13 of Franchise Agreement	11
s Inspections and audits	14 of Franchise Agreement	6 and 11
t Transfer	22 of Franchise Agreement, 9 of Multi-Unit Zone Franchise Agreement	6 and 17
u Renewal	3 of Franchise Agreement	6 and 17
v Post-termination obligations	17 of Franchise Agreement	17
w Non-competition covenants	23 of Franchise Agreement	17
x Dispute resolution	25, 26 and 27 of Franchise Agreement, 20 of Multi-Unit Zone Franchise Agreement	17

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, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you begin operating the Machine, we or our designee will

1 Approve or disapprove a site you propose for the Machine within a reasonable period of time. We are not obligated to approve or disapprove a site within any specified time period. We may refer you to a recommended broker in your geographic area to assist you in finding a site, although you are not required to use the broker. In evaluating a proposed site, we may inspect the site and may consider a variety of factors, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics. We have the absolute right to disapprove any site that does not meet our criteria. Our approval of a site and any information given to you regarding proposed sites do not constitute an express or implied representation or warranty of any kind as to the suitability of the proposed sites for your Machine or for any other purpose. Our approval of a site indicates only that we believe that the site meets, or has the potential to meet, or that we have otherwise waived, our then current criteria for site suitability. Application of site criteria that have been effective for other sites may not be predictive of the potential for any specific site and, after our approval of a site, demographic and economic factors, including competition, included in or excluded from our site criteria could change, altering the potential of a site. The uncertainty and instability of the factors included in these criteria are beyond our control, and we will not be responsible for the failure of a site approved by us to meet expectations as to potential revenue or operational criteria. If you fail to locate a site for the Machine acceptable to us within 90 days following the date of the Franchise Agreement, we may terminate the Franchise Agreement.

You must negotiate and sign an acceptable lease for the site with an independent third party. We may provide you guidance in recognizing and negotiating certain standard lease terms, however, we are not obligated to do so and you are not obligated to accept any guidance we may provide. We will not directly negotiate the purchase or lease of the site. (Franchise Agreement, Section 9 A)

2 Provide you with IceBorn Machine specifications, including electrical and plumbing requirements for your Machine. We will provide these materials to you after you sign the Franchise Agreement. (Franchise Agreement, Section 9 B)

3 Provide you, through the Operating Manual and other materials provided or made available to you after you sign the Franchise Agreement, the standards and specifications for the fixtures, equipment (including computer hardware and software) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance and which you must use. We do not provide any fixtures, equipment or other items for IceBorn Machines directly or deliver or install IceBorn Machines or other items (however, our affiliate, IHA, may do so). We will provide the names of designated, approved or recommended suppliers for many items and, where appropriate, provide written specifications, including for the installation of IceBorn Machines. At our option, we will provide or make available to you these items in the form of paper copies, electronic copies on computer CD, or electronic copies accessed through the Internet or other communication systems. (Franchise Agreement, Section 9 C)

4 Provide you materials for your grand opening at least 10 days before you open the Machine, upon your payment to us for those materials (if required) (Franchise Agreement, Section 9 D)

5 Provide an initial training program for you (or if you are an entity, for your principal owner) You may not attend training until you have signed the Franchise Agreement You (or your principal owner) must successfully complete all phases of our training program to our satisfaction approximately 30 days before you open your Machine for business All training occurs at our classroom facility and training centers in Moultrie, Georgia and/or Jacksonville, Florida, or another location we designate You are responsible for all costs associated with travel and living expenses in attending training Classes are held periodically We plan to be flexible in scheduling training to accommodate our personnel, you (or your principal owner) and will conduct the initial training program as necessary There currently are no fixed training schedules (Franchise Agreement, Section 9 E)

The following chart describes our initial training program as of the date of this disclosure document

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Site Selection, Leasing & Permitting Training	3	2	Moultrie, GA or Jacksonville, FL
Operational, Marketing and Financial Reporting	3		Moultrie, GA or Jacksonville, FL
Optional visit to our Manufacturing Facility overview, history and tour after Corporate Training	2		Moultrie, GA
You should complete the training listed prior to the delivery of the Machine			
Technical/Operational Procedures		1 5	Moultrie, GA
Manufacturing Facility Operations		4	Moultrie, GA
Equipment Assembly, Operations, Critical Control Points, Trouble Shooting	4 5	5	Moultrie, GA
TOTAL	12 5	12 5	

We reserve the right to change our training program to meet the needs of our franchisees We may decide to make one or more courses of our training program optional and

recommended. In the event that you would like on-site training prior to opening the Machine, we may provide that training to you for an additional fee, which we estimate will not exceed \$2,000.

We distribute training materials, which include our Operating Manual and other aids, during the training program. John Edwards, IHA's Vice President of Operations, supervises franchisee training. Mr. Edwards has approximately 9 years of experience in the training field and has worked for IHA in different roles since 2008. Other of IHA's Technical Support Team employees may also participate in providing and conducting aspects of the training program. We reserve the right to charge for re-training or additional training sessions.

If you sign the Multi-Unit Zone Franchise Agreement, then before you begin operating under that Agreement, we and you will complete the development schedule which designates a specific number of IceBorn Machines that you must establish and have in operation at acceptable sites within your Zone (Multi-Unit Zone Franchise Agreement, Section 5 A). We may, to the extent we deem advisable, offer counseling and advice in selecting sites (Multi-Unit Zone Franchise Agreement, Section 3). We will sell or arrange for the sale of IceBorn Machines to you for purposes of enabling you to satisfy your duties and obligations under the Multi-Unit Zone Franchise Agreement. We will use our reasonable efforts to ensure that your purchase orders are filled promptly (Multi-Unit Zone Franchise Agreement, Section 6 A). We also will make available to you repair and replacement parts determined by us to be reasonably necessary to service IceBorn Machines (Multi-Unit Zone Franchise Agreement, Section 6 B).

Ongoing Assistance

During the operation of your Machine, we or our designee will

1. Loan you 1 copy of our manuals, operating materials and bulletins, which may consist of more than one handout or volume (collectively, the "Operating Manual"). We have the right, at our option, to provide or make available to you the Operating Manual in the form of a paper copy, an electronic copy on computer CD, or an electronic copy accessed through the Internet or other communication systems. The Operating Manual will contain mandatory and suggested specifications, standards and operating procedures that we require for your business and information about your other obligations. We may modify the Operating Manual to reflect changes in the image, specifications, standards, procedures and products. However, we will not make any addition or modification that will alter your fundamental status and rights as a franchisee. The Operating Manual is confidential and will remain our property. You may not copy any part of the Operating Manual, either physically or electronically. If your copy of the Operating Manual is lost, destroyed or significantly damaged, we will provide you with a replacement copy, at no charge. The table of contents to the Operating Manual are attached to this disclosure document as Exhibit D. The Operating Manual currently contains 358 pages (Franchise Agreement, Section 8).

2. Provide training for any of your existing or replacement managers of your business (Franchise Agreement, Section 9 F).

3 Provide a telephone technical support line and field technical and warranty support in accordance with our current warranty agreement (Franchise Agreement, Section 9 G)

4 Provide you guidance and operating assistance, at your request, about (a) methods, standards, specifications and operating procedures you will use in your business, (b) purchasing required materials and supplies, including an online retail option for purchasing certain replacement supplies and parts, and (c) advertising and promotional programs. Although we do not have an obligation to do so, we may advise you of operating problems of your business that come to our attention. We may provide or make available this guidance and assistance in the form of references to the Operating Manual, bulletins and other written materials, electronic computer messages, telephonic conversations or consultations at our offices or at your business location. We will not be liable to you or any other person, and you waive all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary), on account of any guidance or operating assistance we offer, except if caused by our gross negligence or intentional misconduct. We will not charge you for the operating assistance and guidance we customarily provide to our franchisees generally. Occasionally, we may make special assistance programs available to you, however, for which you must pay the daily fees and charges that we establish. (Franchise Agreement, Section 9 H)

5 Provide you with the methods, standards and specifications referred to above. We may modify the methods, standards and specifications periodically and the modifications may obligate you to invest additional capital in your business and to incur higher operating costs. We will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the Franchise Agreement. We may provide methods, standards and specifications in the form of references to the Operating Manual, bulletins and other written and electronic materials. (Franchise Agreement, Section 9 I)

6 Provide advertising and marketing services to you as described below. You may use advertising materials you prepare if the materials (a) comply with the requirements of the Franchise Agreement, (b) are completely clear and factual and not misleading, and (c) conform to the highest standards of ethical marketing and promotion policies which we have the right to prescribe. Before use, you must submit to us for approval all press releases and policy statements and samples of all local advertising, marketing and related materials not prepared or previously approved by us. We will not unreasonably withhold our approval. You may not advertise your business or products sold at your Machine over the Internet (or any other form of electronic commerce) or establish a related digital media account or website without our prior written consent. In addition, you may only use pamphlets, brochures, cards or other promotional materials offering free products if prepared by us, unless we approve those materials in advance. If we do not give you written approval of any advertising or other promotional materials within 15 days from the date we receive them, we will be deemed to have disapproved of those materials. You may not use any advertising, marketing or related materials that we have disapproved. (Franchise Agreement, Section 9 J)

If you sign the Multi-Unit Zone Franchise Agreement, then during your operation under that Agreement, we will provide you with continuing advisory assistance as we deem advisable in the operation of the IceBorn Machines and inspection of the IceBorn Machines operating at

approved locations to ensure quality of products and services and the appearance of the system (Multi-Unit Zone Franchise Agreement, Section 6 C) We also will provide you with access to any promotional materials that we may develop, the cost of which we may pass on to you (Multi-Unit Zone Franchise Agreement, Section 6 D)

Advertising and Marketing

Except as described in this Item 11, we are not obligated to conduct any advertising programs

You must pay us a marketing fee of 1% of the Gross Revenues generated by or from the Machine for local, regional and national advertising and promotional programs and materials We will administer the marketing fees we collect under the Franchise Agreement and direct all marketing programs financed by the marketing fees, and have the right to determine the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation We have the right to use the marketing fees we collect to pay the costs of preparing and producing video, audio and advertising materials, administering regional and multi-regional marketing programs, including purchasing direct mail and other media marketing and employing advertising, promotion and marketing agencies to assist with advertising, and supporting public relations, market research and other advertising, promotion and marketing activities We have the right, at our option, to use marketing fees to prepare, provide and/or offer for sale to you advertising, marketing and promotional formats and materials, as described above

Within 30 days after the end of each calendar quarter during the Franchise Agreement's term, we will remit to you the Marketing Reimbursement, but only if you satisfy the following conditions (a) you have submitted to us samples of all proposed advertising, marketing and promotional materials not prepared or previously approved by us for approval prior to use, which approval we will not unreasonably withhold If we do not notify you in writing of our approval of these materials within 10 days after we actually receive them, they will be deemed disapproved You may not use any materials that we have not approved or have disapproved, (b) you have prepared a written local marketing plan detailing your proposed expenditures and advertising, marketing and promotional programs and submitted the plan to us for our approval according to our approval process, (c) you have submitted all information, documents and reports that we reasonably request to determine your advertising, marketing and promotional expenses, and (d) you are in compliance with the terms of the Franchise Agreement If you fail to satisfy the above conditions, then we will retain all marketing fees you paid us during that calendar year, and you will not receive the Marketing Reimbursement

In the 2018 fiscal year, we spent 100% of the marketing fees we collected on production, including cut sheets and printed materials and website enhancements During 2018, we did not receive any monies for administration of the marketing fees

We will account for the marketing fees we collect separately from our other funds, although we are not required to establish a separate marketing fund or bank account for those fees We have the right to use the marketing fees we collect to defray the salaries, administrative costs and overhead we and an affiliate may incur in activities related to our marketing programs, including conducting market research, preparing advertising, promotion and marketing materials

and collecting and accounting for the marketing fees we collect. If all marketing fees are not spent in the year collected, they will be carried over and spent in subsequent years. On your prior written request made within the first quarter of any calendar year, we will make available to you no later than 120 days after the end of each calendar year, an annual statement of monies collected and costs incurred for our marketing programs. No independent audit is required with this statement or the marketing fees we collect.

We intend to use the marketing fees we collect to maximize recognition of the Marks as well as to increase patronage at IceBorn Machines. Although we will endeavor to use the marketing fees to develop advertising and marketing materials and programs and to place advertising that will benefit all IceBorn Machines, we cannot ensure that our expenditure of marketing fees in or affecting any geographic area will be proportionate or equivalent to the marketing fees paid to us by IceBorn Machines operating in that geographic area or that your business will benefit directly or in proportion to the marketing fees you pay to us from the development of advertising and marketing materials or the placement of advertising. We and our affiliates may contribute to the marketing programs conducted by us but do not have an obligation to do so. Contributions and expenditures of marketing fees are not audited.

We have the right in the future to create a marketing fund to which franchisees must contribute to be operated by us or through another form of entity separate from us. We do not use marketing fees collected under the Franchise Agreement for the solicitation of franchisees. There are presently no advertising councils or cooperatives related to franchisees.

There are no provisions in the Multi-Unit Zone Franchise Agreement regarding our obligation to conduct advertising. You must develop, at your sole expense, a program to promote IceBorn Machines. All advertising or promotional or marketing materials you use must be approved by us in writing. (Multi-Unit Zone Franchise Agreement, Sections 5 C and 5 D)

Computer Systems

The SmartIce Remote Management System is installed in all IceBorn Machines. This system gives us direct access to certain data, including the condition of the IceBorn Machines and usage of the IceBorn Machines. Attached to this disclosure document as Exhibit G are the SmartIce Remote Management System Terms and Conditions. You will also have to participate in our credit card reader program which will give us information concerning credit card transactions on the Machine and regulate the processing of credit card transactions. Attached to this disclosure document as Exhibit G-1 is the agreement you will have to sign with our current approved vendor as well as the activation consent form. We reserve the right to substitute vendors in our discretion. You may not terminate the agreement without our consent. There may be other agreements authorizing and ensuring auditability of revenue figures that we request you sign. There are no other computer hardware or software systems that you currently have to acquire, and the costs of the computer hardware or software detailed above are included in the costs of the Machine. However, you must pay a monthly SmartIce Remote Management System Fee for maintenance and support of the SmartIce Remote Management System. The current monthly cost is \$45 per month (\$540 annually). These costs exclude non-recurring upgrades to new software or systems.

We have the right to require you in the future to purchase, install and use a computer system, including additional or different computer hardware and software, which meet our specifications and standards. We also reserve the right to designate in the future the supplier or suppliers (which may be or include us or an affiliate) from whom you must purchase these items. You must purchase, install and begin using any required computer hardware and software in your business within 60 days from receipt of our notice to you. The principal function of any required computer hardware and software will be to facilitate the reporting requirements under the Franchise Agreement. We have the right to require you, at your sole expense, to upgrade any required computer hardware and software to meet our then current standards and specifications. There is no limitation on the frequency and cost of this requirement. We also have the right to independently access the information and data you collect and gather using any required computer hardware and software, and there is no limitation on our right to access this information.

Site Selection

Under the Franchise Agreement, we grant you the right to own and operate an IceBorn House or IceBorn Kiosk at and only at the site we approve. If at the time you sign the Franchise Agreement you have obtained our approval of and secured the site for your Machine, we will identify the site in the Franchise Agreement. Otherwise, you will have a period of 3 months from the date of the Franchise Agreement to obtain our approval of and secure the site. We and you will sign an alternative Exhibit A to the Franchise Agreement identifying the site we approve for your IceBorn House or IceBorn Kiosk. If you fail to obtain our approval of and secure the site within the 3-month period, however, we have the right to terminate the Franchise Agreement.

You must open your Machine for business by the "Start Date," which is the date that is 180 days after the date of the Franchise Agreement. If you fail to open your Machine by the applicable Start Date, we have the right to terminate the Franchise Agreement.

We estimate that there will be a period of between 30 to 90 days between the date you obtain our approval of and secure the site for the Machine and the date you open your business. The interval may vary depending upon factors such as the weather, the location and condition of the site, your ability to obtain any necessary financing and building, zoning or other permits and approvals, construction delays, and completion of required training. Also, you may not open your business until (a) we approve the business for opening, (b) pre-opening training of you or your principal owners has been completed to our satisfaction, (c) the initial franchise fee and all other amounts then due to us have been paid in full, (d) the lease documentation has been signed and all other documentation for development of your business has been completed, and (e) you have provided us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums we require.

ITEM 12 **TERRITORY**

Franchise Agreement

You may operate the Machine only at a site we approve. You are not permitted to move or relocate the Machine after its installation without our express written permission. Whether or not we would allow relocation depends on the circumstances at the time and what is in the franchise system's best interests (any relocation will be at your sole cost). Factors we will consider include, for example, the proposed market area, its proximity to other IceBorn Machines, whether you are complying with your Franchise Agreement, and how long it will take you to open the Machine at the new location.

We will designate a protected territory in Exhibit B to the Franchise Agreement. The protected territory will be based upon population density, drive times and market potential and will generally be approximately 1 mile, although the size may vary depending upon the factors described above. During the term of the Franchise Agreement, we will not to operate or grant to any third party the right to operate IceBorn Machines in the protected territory. We and our affiliates reserve all other rights within and outside of the protected territory, including the right to sell, distribute or operate other types of machinery that produces ready-made, bulk or bagged ice and bulk water at any location within or outside of the protected territory, including smaller versions of our or our affiliates' ice vending units. We need not compensate you if we engage in these activities. You will not receive an exclusive territory. You may face competition from outlets that we own, from other channels of distribution or competitive brands that we control. However, we may only conduct business in your protected territory in the event that we exercise our right to initiate (without your consent) a national or regional account sales program for products that could be located in your protected territory. "National or regional account" means an account with a third party that has interstate or regional operations in multiple locations.

You may not advertise your business or products sold at the Machine over the Internet (or any other form of electronic commerce) or establish a related digital media account or website without our prior written consent.

We do not at this time have any plans to operate or franchise a business under different trademarks that sell or will sell goods or services similar to those granted to you under the Franchise Agreement, but we reserve the right to do so in any area. As noted in Item 1, IHA has entered into agreements with Distributors and Owners for the manufacture, sale, and distribution of Twice the Ice Machines. You should also be aware that we do not control the locations of Twice the Ice Machines and other products previously sold to Distributors and Owners or which may be sold to existing Distributors and Owners in the future. We do not represent or warrant that the Distributors and Owners owning Twice the Ice Machines will not in the future locate them in your protected territory.

Unless you sign a Multi-Unit Zone Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises. There are no circumstances under

which we can alter or modify the protected territory. Your territorial exclusivity will not depend on your maintaining certain sales volumes or market penetration.

Multi-Unit Zone Franchise Agreement

If you sign a Multi-Unit Zone Franchise Agreement, you will place multiple IceBorn Machines within the Zone. We and you will identify the Zone in the Multi-Unit Zone Franchise Agreement before signing it. Sizes and boundaries for Zones will vary widely depending on factors like economic conditions in the market you are developing, the number of IceBorn Machines that you agree to place in the Zone, demographics, and site availability. There is no minimum size for Zones. We will describe the Zone using streets or other natural boundaries or, in some markets, city or county boundaries. We and you will negotiate the Development Schedule describing the number of IceBorn Machines that you must place and operate in the Zone to keep your development rights and the dates by which you must operate them. We and you then will complete the Development Schedule in the Multi-Unit Zone Franchise Agreement before signing it.

If you and your affiliates are in full compliance with the Multi-Unit Zone Franchise Agreement and other agreements (including the Franchise Agreement), then, during the Multi-Unit Zone Franchise Agreement's term, neither we nor our affiliates will operate, or authorize any other party to operate, an IceBorn Machine that has its physical location within the Zone. However, we and our affiliates have and retain all rights within and outside the Zone, including the right, among others, to (i) develop, establish and acquire other business systems within and outside the Zone (including systems that distribute products or services similar to IceBorn Machines) without providing any rights to you or requiring your approval, (ii) initiate a national or regional account sales program in the Zone, and (iii) advertise and promote IceBorn Machines in the Zone, including through the Internet. After the Multi-Unit Zone Franchise Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Zone without any restrictions whatsoever, subject only to your (or any affiliate's) rights under franchise agreements with us then in effect.

There are no other restrictions on us or our affiliates under the Multi-Unit Zone Franchise Agreement. We may terminate the Multi-Unit Zone Franchise Agreement if you do not satisfy your obligations according to the Development Schedule. Except as described above, continuation of your territorial rights in the Zone does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Zone or your territorial rights.

ITEM 13 **TRADEMARKS**

You may use certain Marks in operating your Machine. Twice The Ice registered the following principal Marks with the United States Patent and Trademark Office (the "USPTO")

Mark	Register	Registration Number	Registration Date
IceBorn	Principal	4,486,164	February 18, 2014
SmartIce	Principal	4,495,903	March 11, 2014
Fresh from the Source	Principal	4,677,459	January 27, 2015

We entered into an amended trademark license agreement with Twice The Ice dated June 12, 2015 (the "Trademark License Agreement") giving us the right to use and sublicense to franchisees the rights to use the "IceBorn," "SmartIce" and "Fresh from the Source" Marks. The Trademark License Agreement's term is perpetual. The Trademark License Agreement can only be terminated for cause or by mutual agreement of the parties. In the event of a termination of the Trademark License Agreement, Twice The Ice will allow you to use the "IceBorn," "SmartIce" and "Fresh from the Source" Marks for the term and any renewal term of the Franchise Agreement if you are in compliance with the Franchise Agreement. Twice The Ice intends to renew all registrations when due and file all appropriate affidavits.

IHA registered the following principal Marks with the USPTO

Mark	Register	Registration Number	Registration Date	Affidavits Filed?	Registration Renewed?
ICE HOUSE AMERICA	Principal	3,167,577	November 7, 2006	Yes	Yes
ICE HOUSE AMERICA	Principal	3,153,128	October 10, 2006	Yes	Yes
TWICE THE ICE	Principal	3,185,688	December 19, 2006	Yes	Yes

We entered into a trademark license agreement with IHA dated April 26, 2012 (the "IHA Trademark License Agreement") giving us the right to use and sublicense to franchisees the rights to use the above-listed Marks. The IHA Trademark License Agreement's term is perpetual. The IHA Trademark License Agreement can only be terminated for cause or by mutual agreement of the parties. In the event of a termination of the IHA Trademark License Agreement, IHA will allow you to use the above-listed Marks for the term and any renewal term of the Franchise Agreement if you are in compliance with the Franchise Agreement.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. Except as noted above, no other agreement limits our right to use or license the Marks.

You must follow our rules when you use the Marks. You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying your business and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You, your principal owners, and your other owners must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or USPTO (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

We are obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the franchise system. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute trademarks at your expense. We need not reimburse you for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14 **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Certain patents currently are material to the franchise and relate to the IceBorn Machines manufactured and sold by IHA to our franchisees.

Patent	Type	Application Filing Date	Patent Number	Issuance Date
Ice Vending Apparatus and Method (original)	Utility	November 19, 2003	6,932,124	August 23, 2005
Ice Vending Apparatus and Method (Continuation)	Utility	April 21, 2005	7,104,291	September 12, 2006
Ice Vending Apparatus and Method (Second Continuation)	Utility	April 5, 2006	7,426,945	September 23, 2008

Patent	Type	Application Filing Date	Patent Number	Issuance Date
Leveler Improvement on Ice Vending Apparatus	Utility	April 27, 2006	7,735,527	June 15, 2010
Ice Vending Apparatus and Method (Third Continuation)	Utility	April 18, 2008	7,806,152	October 5, 2010
Leveler Improvement on Ice Vending Apparatus	Utility	April 27, 2010	8,245,488	August 21, 2012
Ice Vending Apparatus and Method (Third Continuation)	Utility	August 30, 2010	8,561,655	October 22, 2013

These patents have a duration of 20 years from the date of filing of the original patent application to which the patent relates. We and our affiliates currently have no pending patent applications that we believe are material to the franchise.

We do not know of any currently effective material determinations of the USPTO or any court, or of any pending infringement, opposition, or re-examination proceedings or material litigation, involving the patents. We do not currently know of either superior prior rights or infringing uses that could materially affect your use of the Machine.

There are no agreements limiting IHA's use of any patent that may affect the use of your Machine. There are no provisions in the Franchise Agreement or Multi-Unit Zone Franchise Agreement (1) obligating us or IHA to protect the patents or defend you against claims arising out of your use of the patented items, (2) requiring you to notify us or IHA of any claims of infringement concerning the patents by any third party, (3) requiring us or IHA to take affirmative action if notified of any infringement, and (4) obligating us or IHA to participate in any defense involving an infringement claim or to indemnify you for expenses or damages in any proceeding involving any patents. IHA has the right to control any litigation involving infringement of the patents.

We and IHA claim copyrights in the Operating Manual (which contains our trade secrets and confidential information), our logos, advertising and marketing materials, and similar items we prepare and disclose to you. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use these items only as we specify while operating your Machine (and must stop using them if we so direct you).

Our Operating Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law). Confidential information includes things like standards, procedures, product information, specifications and the methods of operation of IceBorn Machines. You may not use any confidential information for the benefit of any other person, persons, partnership, association, or corporation, must keep the confidential information absolutely secret and confidential, must not make unauthorized copies of any confidential information (including the Operating Manual), must use all reasonable efforts to prevent unauthorized use or disclosure (including limiting disclosure to your

employees who must have access to the confidential information in order to assist you in the operation of your business and using confidentiality covenants we specify with those having access)

We do not know of any currently effective adverse determinations of the USPTO, the United States Copyright Office or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the franchise system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

You must devote sufficient time and effort to operate, market, and service the Machine. We do not require, but do recommend, that you (if you are an individual) or your principal owner (if you are an entity) fulfill these obligations and participate personally in the direct operation of the Machine.

There are no limits in the Franchise Agreement on whom you may hire as an on-site manager or supervisor of the business you conduct at the Machine. We will provide training for your existing or replacement managers. We do not require that any manager or supervisor have an equity interest in your business.

At our option, you must ensure that all of your managers and other personnel having access to confidential information sign agreements in a form we reasonably specify under which they agree to maintain the confidentiality of information they receive in connection with their employment.

Each of your owners must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all provisions of the Franchise Agreement.

Multi-Unit Zone Franchise Agreement

You must develop the number of IceBorn Machines in your Zone according to the Development Schedule. We do not require, but do recommend, that you personally supervise your development of IceBorn Machines. You must hire sufficient personnel to manage and supervise the development of your IceBorn Machines. The personnel need not have an equity interest in you or your business or attend our training program. If you are a business entity, your

owners need not sign any personal guarantees of your obligations under the Multi-Unit Zone Franchise Agreement

At our option, you must ensure that all of your managers and other personnel having access to confidential information sign agreements in a form we reasonably specify under which they agree to maintain the confidentiality of information they receive in connection with their employment

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only ready-made, bulk or bagged ice and bulk water, at the Machine and all other products that we periodically require for IceBorn Machines. You may not offer or sell any products or perform any delivery services that we have not authorized. We periodically may change required and/or authorized products and service offerings. However, we will not obligate you to invest capital for new products or services when the investment cannot be amortized over the remaining term of your Franchise Agreement. Otherwise, there are no limits on any of our rights to change the products and services that your Machine may or must provide.

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.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a Length of the term	Section 3	10 years
b Renewal or extension of the term	Section 3	You have the right to renew the Franchise Agreement for one 10-year period

Provision	Section in Franchise Agreement	Summary
c Requirements for franchisee to renew or extend	Section 3	You must (1) give us written notice of your intent to renew at least 12 months, but not more than 18 months, before the end of the Franchise Agreement's term, (2) have complied and currently be in compliance with the terms of Franchise Agreement, (3) be able to retain possession of the Machine's site during the renewal period or to secure a suitable substitute site that we approve, and (4) if we request, sign the then current form of franchise agreement which may have materially different terms and conditions than the Franchise Agreement "Renewal" means signing our then current franchise agreement, which could contain materially different terms (including on Zone and fees)
d. Termination by franchisee	Not Applicable	You may not terminate the Franchise Agreement except under grounds available by law
e Termination by franchisor without cause	Not Applicable	We may not terminate the Franchise Agreement without cause
f Termination by franchisor with cause	Section 16	We may terminate the Franchise Agreement only if you commit any one of several violations
g "Cause" defined – curable defaults	Section 16	You have 10 business days to cure payment defaults You have 20 business days to cure training defaults and failure to comply with any other provision of the Franchise Agreement not listed in (h) below
h. "Cause" defined – non-curable defaults	Section 16	Automatic, without notice, if you become insolvent, are adjudicated a bankrupt, or make an assignment for the benefit of creditors On notice, if you abandon the business, are convicted of a felony, make an unauthorized transfer, breach the non-competition or confidentiality covenants, maintain false books or records, or submit false reports or statements to us
i Franchisee's obligations on termination/non-renewal	Section 17	You must (1) pay outstanding amounts, (2) cease to represent yourself or any business as our current or former authorized franchisee, representative or associate, (3) cease using the Marks, (4) return to us the Operating Manual and all advertising materials, and (5) de-identify the Machine
j Assignment of contract by franchisor	Section 22 A	No restriction on our right to transfer or assign.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	Section 22 B	Includes transfer of any interest in the Franchise Agreement, the business, or ownership interest in you if you are an entity
l Franchisor's approval of transfer by franchisee	Section 22 B	You may not transfer without our prior written consent
m Conditions for franchisor's approval of transfer	Section 22 B	You made all payments under Franchise Agreement, you are in compliance with Franchise Agreement, transferee and its owners meet standards, you (and your owners) sign general release (if state law allows), transferee signs assignment agreement or our then current franchise agreement, transferee completes training, and you or transferee pays transfer fee
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o Franchisor's option to purchase franchisee's business	Section 17	We may purchase the Machine for fair market value when the Franchise Agreement expires or terminates
p Death or disability of franchisee	Section 22 C	You must transfer to an approved party within 6 months We may terminate Franchise Agreement if transfer does not occur within reasonable time
q Non-competition covenants during the term of the franchise	Section 23	No owning interest in, performing services for, loaning money or guaranteeing loan to, or diverting business or customers to competitive business anywhere
r Non-competition covenants after the franchise is terminated or expires	Section 23	For 2 years after the Franchise Agreement terminates or expires, no owning interest in or performing services for a competitive business at the Machine or 5 miles from the Machine
s Modification of the Agreement	Sections 8 and 31	No modifications without signed writing, but we may change Operating Manual and Marks
t Integration/merger clause	Section 31	Only the Franchise Agreement's terms are binding (subject to state law) Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Sections 25	All controversies, disputes or claims are subject to arbitration in the city where we maintain our headquarters at the time that the action is brought (currently Jacksonville, Florida) (subject to state law)
v Choice of forum	Section 27	Subject to arbitration obligations, litigation is in the state courts in the state where we maintain our principal place of business at the time that the action is brought and the federal district courts for such state (currently Florida) (subject to state law)
w Choice of law	Section 27	Except for Federal Arbitration Act and other federal law, Florida law applies (subject to state law)

Multi-Unit Zone Franchise Agreement

Provision	Section in Multi-Unit Zone Franchise Agreement	Summary
a Length of the franchise term	Section 2	Multi-Unit Zone Franchise Agreement expires on the earlier of the date specified in the Development Schedule or the opening date of the last IceBorn Machine listed on the Development Schedule
b Renewal or extension of the term	Not Applicable	You have no right to renew the Multi-Unit Zone Franchise Agreement
c Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d Termination by franchisee	Not Applicable	You may not terminate the Multi-Unit Zone Franchise Agreement except under grounds available by law
e Termination by franchisor without cause	Not Applicable	We may not terminate the Multi-Unit Zone Franchise Agreement without cause
f Termination by franchisor with cause	Section 10	We may terminate the Multi-Unit Zone Franchise Agreement only if you commit any one of several violations
g "Cause" defined – curable defaults	Section 10	You have 30 days to cure failure to satisfy either your development obligations under the Development Schedule or any other obligation under the Multi-Unit Zone Franchise Agreement
h "Cause" defined – non-curable defaults	Section 10	We can terminate if any franchise agreement for an IceBorn Machine is terminated by us or you for any reason.
i Franchisee's obligations on termination/non-renewal	Section 10	You will lose all rights to further develop IceBorn Machines in the Zone Termination will not affect your right to operate any IceBorn Machines in existence or under development if you are in compliance with the franchise agreement for an IceBorn Machine
j Assignment of contract by franchisor	Section 9 A	No restriction on our right to transfer or assign.

Provision	Section in Multi-Unit Zone Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	Section 9 B	Includes transfer of any interest in the Multi-Unit Zone Franchise Agreement
l Franchisor's approval of transfer by franchisee	Section 9 B	You may not transfer without our prior written consent You must pay a transfer fee equal to the number of remaining IceBorn Machines to be developed under the Development Schedule multiplied by \$7,000
m. Conditions for franchisor's approval of transfer	Section 9 B	You may grant or withhold our approval for any or no reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p Death or disability of franchisee	Not Applicable	Not Applicable
q Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s Modification of the Agreement	Section 18	Generally no modifications unless in writing and signed by the parties
t Integration/merger clause	Section 18	Only the terms of Multi-Unit Zone Franchise Agreement are binding (subject to state law) Any representations or promises made outside of the disclosure document and Multi-Unit Zone Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Sections 20 A and 20 B	All controversies, disputes or claims are subject to arbitration in the city where we maintain our principal place of business at the time that the action is brought (currently Jacksonville, Florida) (subject to state law)

Provision	Section in Multi-Unit Zone Franchise Agreement	Summary
v Choice of forum	Section 20 C	Subject to arbitration obligations, litigation is in the state courts in the state where we maintain our principal place of business at the time that the action is brought and the federal district courts for such state (currently Florida) (subject to state law)
w Choice of law	Section 20 A	Except for Federal Arbitration Act and other federal law, Florida law applies (subject to state law)

ITEM 18 **PUBLIC FIGURES**

We do not use any public figure to promote our franchise

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of December 31, 2018, there were a total of 65 franchised IceBorn Machines in the United States. We excluded from this financial performance representation 10 IceBorn Machines that were not open and in operation or had incomplete revenue data for the full 2018 fiscal year. The following financial performance representation represents the average annual results for 55 IceBorn Machines (26 IceBorn Houses and 29 IceBorn Kiosks that vend primarily ice and water) open for the full 2018 fiscal year in the following categories:

	Average Annual Results for Franchised IceBorn Houses and IceBorn Kiosks	% of Average Annual Sales	Number/% At or Above Average (7)	Median	High/Low Range
Number of IceBorn Houses and IceBorn Kiosks (1)	55				
Gross Revenue (2)	\$50,406	100 0%	21/38 1%	\$42,500	\$10,977 – \$123,648
Cost of Goods Sold					
• Direct Materials (3)	\$1,848	3 6%	36/65 4%	\$1,244	\$291 – \$6,802
• Utilities (4)	\$7,803	15 4%	34/61 8%	\$6,546	\$1,698 – \$19,947
Royalty Fee	\$3,024	6 0%	34/61 8%	\$2,550	\$658 – \$7,418
Marketing Fee	\$504	1 0%+	34/61 8%	\$425	\$109 – \$1,236
Income before Site Lease (5)	\$37,226	73 8%	21/38 1%	\$31,357	\$8,099 – \$93,440
Site Lease (6)	\$7,010	14 2%	35/63 6%	\$6,039	\$1,559 – \$18,547
Income after Site Lease	\$30,216	59 9%	21/38 1%	\$25,317	\$6,539 – \$74,893

Notes to Financial Performance Representation

- (1) The 55 IceBorn Houses and IceBorn Kiosks included in this financial performance representation are substantially similar to the IceBorn Houses and IceBorn Kiosks for which we are offering franchises in this disclosure document. The IceBorn Houses and IceBorn Kiosks included in this financial performance representation are located primarily in California and Arizona. These IceBorn Houses and IceBorn Kiosks were open for an average of 2 years, 3 months as of December 31, 2018.
- (2) “Average Annual Revenue” consists of ice and/or water sales less the amount of sales tax payable (where applicable).
- (3) “Cost of Goods Sold” captures cost of bags.

- (4) "Utilities" include both electricity and water consumption
- (5) "Income before Site Lease" represents Average Annual Revenue less all of the operating expenses listed in the table (excluding the site lease) However, the expenses in the table do not reflect all of the categories of costs and expenses associated with the IceBorn Houses or IceBorn Kiosks or those that a franchisee will incur in operating its IceBorn Machine, as these are dependent upon the structure of the franchisee's business Some of these other costs include, for example, accounting and other professional fees, office and administrative expenses, corporate insurance, direct labor, and auto expenses Additionally, maintenance and other operator expenses are estimated to range from 8% and 12% of Average Annual Revenue
- (6) If a franchisee owns the property on which his or her IceBorn House or IceBorn Kiosk is located, it will not incur this cost but may incur costs associated with the purchase of the property
- (7) For the cost figures reported in the financial performance representation, this number and percentage indicates the number and percentage of reporting franchisees that reported costs that were less than the average costs for the 2018 fiscal year

The 55 IceBorn Houses and IceBorn Kiosks included in this financial performance representation are located in the western section of the United States, which may have higher labor costs and site lease expenses than other markets across the United States in which you are interested in developing an IceBorn Machine

Other Possible Differentiating Factors in Operations

Operating results of IceBorn Machines are likely to be affected by the following

- (1) Differing site lease and related expenses for which a franchisee is obligated,
- (2) Economic conditions in a franchisee's market,
- (3) Competition from other businesses offering the same, similar, or competitive services and products,
- (4) Different financing costs, and
- (5) Different costs on a local basis of obtaining products and supplies

Our management prepared this financial performance representation based on information provided by franchisees to us but did not independently audit that information. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form. Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request

Some IceBorn Machines have sold or earned the amounts shown above. Your individual results may differ. There is no assurance you'll sell or earn as much.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any other 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 other than as we provide above, you should report it to the franchisor's management by contacting Mark Mueller at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 or 904-900-2856, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2016 to 2018

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2016	30	51	+21
	2017	51	60	+9
	2018	60	65	+5
Company-Owned ¹	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	30	51	+21
	2017	51	60	+9
	2018	60	65	+5

¹ As noted in Item 1, IHA, an affiliate of ours, owns and operates 107 ice vending units of various sizes under trademarks different than the Marks used by franchisees to operate IceBorn Machines.

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2016 to 2018

Column 1	Column 2	Column 3
State	Year	Number of Transfers
We had no franchise transfers during any of our past 3 fiscal years	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Table No 3
Status of Franchised Outlets
For years 2016 to 2018

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
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	2016	9	1	0	0	0	0	10
	2017	10	4	0	0	0	0	14
	2018	14	2	0	0	0	0	16
California	2016	6	16	0	0	0	0	22
	2017	22	5	0	0	0	0	27
	2018	27	2	0	0	0	0	29
Colorado	2016	2	2	0	0	0	0	4
	2017	4	0	1	0	0	0	3
	2018	3	0	0	0	0	0	3
Kansas	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
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
Minnesota	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Nebraska	2016	2	0	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
New York	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
North Dakota	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Ohio	2016	3	1	0	0	0	0	4
	2017	4	0	0	0	0	2	2
	2018	2	0	0	0	0	0	2
Pennsylvania	2016	2	1	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Utah	2016	4	0	2	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Washington	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
Totals	2016	30	23	2	0	0	0	51
	2017	51	12	1	0	0	2	60
	2018	60	5	0	0	0	0	65

* Outlets retained but converted to non-franchise structure

Table No 4
Status of Company-Owned Outlets
For years 2016 to 2018

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States ²	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

² See Note 1 to Table No 1

Table No 5
Projected Openings As Of December 31, 2018

Col 1	Col 2	Col 3	Col 3
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Fiscal Year ³
Arizona	1	2	0
California	14	4	0
Colorado	2	1	0
Washington	0	3	0
Totals	17	10	0

³ See Note 1 to Table No 1

Exhibit J has lists of the (1) names, addresses, and telephone numbers of all franchisees or multi-unit franchisees as of December 31, 2018, and (2) names and contact information of all franchisees with signed Franchise Agreements whose IceBorn Machines were not yet open as of December 31, 2018. Exhibit K has a list of the names, city and state, and current business phone numbers (or, if unknown, the last known home telephone numbers) of the former franchisees who had their franchises terminated, canceled, or not renewed, or who otherwise voluntarily or

involuntarily ceased to do business under Franchise Agreements with us during our last fiscal year, or who have not communicated with us within 10 weeks of this disclosure document's issuance date (if any) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system.

ITEM 21

FINANCIAL STATEMENTS

Exhibit A contains our audited financial statements for the fiscal years ended December 31, 2018, December 31, 2017, and December 31, 2016, and our unaudited balance sheet as of June 30, 2019, and our unaudited income statement for the 6-month period ended June 30, 2019

ITEM 22

CONTRACTS

The following agreements/documents are exhibits

- 1 Franchise Agreement (Exhibit B)
- 2 Multi-Unit Zone Franchise Agreement (Exhibit C)
- 3 ePort® Connect Services Agreement and Activation Consent Form (Exhibit G-1)
- 4 General Release (Exhibit H)
- 5 Franchisee Disclosure Questionnaire (Exhibit I)
- 6 Multi-Unit Franchisee Disclosure Questionnaire (Exhibit I-1)
- 7 State-Specific Agreement Riders (Exhibit L)

ITEM 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document

EXHIBIT B

FRANCHISE AGREEMENT

Exhibit B

IHA FRANCHISING, LLC
FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A – Approved Location
Exhibit B – Protected Territory
Exhibit C – Statement of Ownership Interests
Exhibit D – Guaranty
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IHA FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made as of the ____ day of _____, 20__ (the "**Effective Date**"), by and between **IHA FRANCHISING, LLC**, a Delaware limited liability company having its principal place of business at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 ("**IHA**") and _____, a _____ having its principal place of business at _____ ("**Franchisee**")

RECITALS

WHEREAS, IHA and/or its affiliates are in the business of manufacturing and distributing machinery and related accessories for the production, sale and delivery of ready-made, bulk or bagged ice and bulk water,

WHEREAS, the machinery manufactured and distributed by IHA and/or its affiliates include an ice vending machine ("**IceBorn House**") and an ice vending kiosk ("**IceBorn Kiosk**"), both of which are subject to patents owned or pending by IHA's affiliate (collectively, "**IceBorn Machines**"),

WHEREAS, IHA's business is associated with certain trademarks, service marks and other commercial symbols, including "Ice House America," "IceBorn," and "Fresh From the Source," all of which IHA may further improve and modify (collectively, the "**Marks**"), and

WHEREAS, Franchisee desires to purchase and operate an IceBorn House/IceBorn Kiosk (underline as applicable) (the "**Approved Vending Unit**") at the location identified or to be identified in Exhibit A attached hereto (the "**Approved Location**"), subject to the terms of this Agreement

NOW, THEREFORE, in consideration of the material covenants hereinafter set forth, and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties agree as follows

1 **Grant** IHA hereby grants to Franchisee the right to operate the Approved Vending Unit at, and only at, the Approved Location identified in Exhibit A attached hereto and to use the Marks in connection with the promotion and operation of the Approved Vending Unit. Franchisee accepts such grant and agrees to devote sufficient time and efforts to the operation of the Approved Vending Unit. Franchisee is not permitted to move or relocate the Approved Vending Unit once it has been installed without IHA's express written permission. If an Approved Location has not been approved by IHA as of the date hereof, Franchisee agrees to submit a site for the Approved Location acceptable to IHA within ninety (90) days of the Effective Date. The parties agree to insert the address of the Approved Location approved by IHA in Exhibit A. Franchisee agrees to negotiate and sign a lease acceptable to IHA for the Approved Location. Franchisee further agrees to open the Approved Vending Unit for business by the "**Start Date**," which is the date that is ninety (90) days after either (i) the Effective Date,

Initials____

if at the time of signing this Agreement, Franchisee has secured the Approved Location, or (ii) the date the parties sign Exhibit A to this Agreement identifying the Approved Location, if at the time of signing this Agreement Franchisee has not located a site for the Approved Location acceptable to IHA. IHA will specify the Start Date on Exhibit A to this Agreement, as applicable. If Franchisee fails to locate a site for the Approved Location within ninety (90) days following the Effective Date or to open the Approved Vending Unit by the applicable Start Date, IHA shall also have the right, at its option, to terminate this Agreement immediately upon written notice to Franchisee.

2 **Exclusivity** IHA agrees that neither it nor any of its affiliates will operate or grant to any third party the right to operate an IceBorn Machine within the territory identified in Exhibit B attached hereto (the "**Protected Territory**") IHA and its affiliates reserve all other rights within and outside of the Protected Territory, including, without limitation, the right to sell, distribute or operate other types of machinery that produces ready-made, bulk or bagged ice and bulk water at any location within or outside of the Protected Territory, including smaller versions of its or its affiliates' ice vending units, and the right to initiate (without Franchisee's consent) a national or regional account sales program for products that could be distributed in the Protected Territory. "**National or regional account**" shall mean an account with a third party that has interstate or regional operations in multiple locations. Franchisee further acknowledges and understands that IHA does not control the location of ice vending machines or other models sold to independent owners, dealers, distributors or franchisees prior to the date hereof or that may be sold hereafter pursuant to existing agreements and that such ice vending machines and ice vending huts may be located at sites within the Protected Territory.

3 **Term and Renewal** The term of this Agreement shall commence on the Effective Date and continue for a period of ten (10) years (the "**Term**") Franchisee shall have the right to renew this Agreement for one (1) successive ten (10)-year period, provided IHA determines, in its sole judgment, that the following conditions are met: (a) Franchisee gave IHA written notice of its intent to renew at least twelve (12) months, but not more than eighteen (18) months, before the end of the Term, (b) Franchisee is in compliance with the terms of this Agreement and has complied with the terms of this Agreement throughout the initial Term, (c) Franchisee is able to retain possession of the Approved Location for the applicable renewal period or is able to secure a suitable substitute location approved by IHA, and (d) at the request of IHA, Franchisee agrees to execute IHA's then current form of franchise agreement at the time of any such renewal.

4 **Fees** Franchisee agrees to pay IHA: (a) an initial franchise fee of _____ Dollars (\$_____) upon execution of this Agreement, (b) a royalty fee equal to six percent (6%) of the gross revenues generated by or from the Approved Vending Unit, payable monthly on the fifteenth day of the month based on gross revenues generated in the previous month, with the first royalty fee due on the fifteenth day of the month following the month during which Franchisee opens the Approved Vending Unit for business, and (c) a marketing fee equal to one percent (1%) of the gross revenues generated by or from the Approved Vending Unit for local, regional and national advertising and promotional programs and materials as provided in Section 10, payable at the same time as royalty fees due hereunder. Gross revenues shall include payments by cash, credit or debit card in connection with the operation of the Approved Vending Unit. All payments not paid when due shall bear interest

until paid at the rate of one and one-half percent (1 5%) per month or the highest rate permitted under applicable law, whichever is lower

5 Purchase of Approved Vending Unit

A Franchisee agrees to purchase from IHA, its affiliate or its designated supplier the Approved Vending Unit. All purchases shall be subject to the terms and conditions established by IHA, its affiliate or its designated supplier from time to time. Franchisee further agrees that all replacement and repair parts for the Approved Vending Unit and other materials and supplies used in the operation of the Approved Vending Unit shall be purchased exclusively from IHA, its affiliate or its designated supplier or in accordance with requirements established from time to time by IHA. Franchisee may not offer or sell from the Approved Location any products or services not authorized by IHA. For the avoidance of doubt, Franchisee may not offer delivery of ice or water products from the Approved Vending Unit unless otherwise approved by IHA in writing. IHA, its affiliate or its designated supplier reserves the right to offer Franchisee the opportunity to purchase machinery and related accessories for the production, sale and delivery of ready-made, bulk or bagged ice and bulk water in a form other than what is currently offered as of the Effective Date and to operate such machinery under the terms of this Agreement.

B Franchisee's purchase of the Approved Vending Unit shall be done using the appropriate IHA (or its affiliate's) sales order form for IceBorn Machines. Sales order forms shall be filled out completely and forwarded to IHA's headquarters or elsewhere as IHA may designate along with the appropriate deposits. IHA and its affiliates reserve the right to change the sales order form from time to time upon notice to Franchisee. All payments are due upon delivery, unless IHA and Franchisee have established credit terms by separate agreement in writing signed by both parties.

C Franchisee shall install the Approved Vending Unit at the Approved Location in the manner prescribed by IHA.

6 Marketing of Approved Vending Unit Franchisee agrees to use its best efforts to advertise, promote and market the Approved Vending Unit. Franchisee acknowledges and agrees that IHA may establish minimum advertising, promotion and marketing requirements upon Franchisee.

7 Operation and Maintenance of Approved Vending Unit Franchisee agrees to maintain the Approved Vending Unit in good operation and repair at all times during the Term of this Agreement. Franchisee agrees to subscribe to, and use in operating the Approved Vending Unit, the SmartIce Remote Management System or successor system IHA periodically specifies. Franchisee shall maintain the premises of the Approved Location, including the inside and outside of the Approved Vending Unit, in a clean and sanitary condition and in compliance with all health and safety laws and regulations. Franchisee further agrees to respond in a timely manner to any customer complaints or inquiries concerning the operation of the Approved Vending Unit and to provide customer refunds in appropriate circumstances.

8 **Operating Manual** In order to protect the reputation and goodwill of IHA and to maintain high standards of operation under the Marks, Franchisee shall conduct its business in accordance with relevant provisions of IHA's manuals, operating materials and bulletins, which may consist of more than one handout or volume (collectively, the "**Operating Manual**"), copies of which shall be made available to Franchisee for the Term of this Agreement. Franchisee shall at all times treat the Operating Manual and the information contained therein as confidential and shall use all reasonable efforts to maintain such information as secret and confidential, including keeping the Operating Manual in a secure place. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the Operating Manual or related materials, in whole or in part, nor otherwise disclose or make the same available to any unauthorized person or entity. The Operating Manual shall at all times remain the sole property of IHA. IHA may from time to time revise the contents of the Operating Manual, and Franchisee expressly agrees to comply with each new or changed portion of the Operating Manual. Franchisee shall at all times ensure that its copy of the Operating Manual is kept current and up to date, and in the event of any dispute as to the contents of the Operating Manual, the terms of the master copy of the Operating Manual maintained by IHA at IHA's headquarters shall be controlling.

9 **Obligations of IHA** IHA (or its representative or agent on its behalf) will provide Franchisee with the following services:

A IHA will approve or disapprove sites proposed by Franchisee for the Approved Vending Unit within a reasonable period of time as determined by IHA. In evaluating a proposed site, IHA may inspect the site and may consider a variety of factors, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics. IHA has the absolute right to disapprove any site that does not meet IHA's criteria. IHA's approval of a site and any information given to Franchisee regarding proposed sites do not constitute an express or implied representation or warranty of any kind as to the suitability of the proposed sites for the Approved Vending Unit or for any other purpose. IHA's approval of a site indicates only that IHA believes that the site meets, or has the potential to meet, or that IHA has otherwise waived, IHA's then current criteria for site suitability. Application of site criteria that have been effective for other sites may not be predictive of the potential for any specific site and after IHA's approval of a site, demographic and economic factors, including competition, included in or excluded from IHA's site criteria could change, altering the potential of a site. The uncertainty and instability of the factors included in these criteria are beyond IHA's control, and IHA will not be responsible for the failure of a site approved by IHA to meet expectations as to potential revenue or operational criteria. IHA may provide Franchisee guidance in recognizing and negotiating certain standard lease terms, however, IHA is not obligated to do so and Franchisee is not obligated to accept any guidance IHA may provide.

B IHA will provide Franchisee with machine specifications, including electrical and plumbing requirements for the Approved Vending Unit.

C IHA will provide Franchisee, through the Operating Manual and other materials to be furnished or made available to Franchisee, the standards and specifications for the fixtures, equipment (including computer hardware and software) and signs that IHA requires and has approved as meeting IHA's specifications and standards for quality, design, appearance, function and performance and which Franchisee must use. At IHA's option, IHA will furnish or make available to Franchisee these items in the form of paper copies, electronic copies on computer CD, or electronic copies accessed through the Internet or other communication systems.

D IHA will provide Franchisee with materials for the grand opening of the Approved Vending Unit at least ten (10) days before the opening, upon Franchisee's payment to IHA for those materials (if required).

E IHA will provide an initial training program for Franchisee (or if Franchisee is an entity, for its principal owner). Franchisee (or its principal owner) must successfully complete all phases of IHA's training program to IHA's satisfaction. All training will occur at IHA's classroom facilities and training centers in Moultrie, Georgia and Jacksonville, Florida, or another location designated by IHA. Franchisee may elect to participate in on-site training for an additional fee. Franchisee is responsible for all costs associated with travel and living expenses for Franchisee (or its principal owner).

F IHA will provide training for any of Franchisee's existing or replacement managers.

G IHA will provide a telephone technical support line and field technical and warranty support in accordance with its current warranty agreement.

H IHA will furnish Franchisee with guidance and operating assistance, at its request, about (i) methods, standards, specifications and operating procedures to be utilized in Franchisee's business, (ii) purchasing required materials and supplies, including an online retail option for purchasing certain replacement supplies and parts, and (iii) advertising and promotional programs. Although IHA does not have an obligation to do so, IHA may advise Franchisee of operating problems of Franchisee's business that come to IHA's attention. IHA may furnish or make available this guidance and assistance in the form of references to the Operating Manual, bulletins and other written materials, electronic computer messages, telephonic conversations or consultations at IHA's offices or at the Approved Location. IHA will not be liable to Franchisee or any other person, and Franchisee waives all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary), on account of any guidance or operating assistance offered by IHA, except if caused by IHA's gross negligence or intentional misconduct. IHA will make no separate charge to Franchisee for the operating assistance and guidance IHA customarily provides to its franchisees generally. Occasionally, IHA may make special assistance programs available to Franchisee, for which Franchisee must pay the daily fees and charges that IHA establishes.

I IHA may modify the methods, standards and specifications periodically and the modifications may obligate Franchisee to invest additional capital in Franchisee's business and to incur higher operating costs IHA will not obligate Franchisee to invest additional capital at a time when the investment cannot in IHA's reasonable judgment be amortized during the remaining Term of this Agreement

J IHA will provide advertising and marketing services to Franchisee as described below Franchisee may use advertising materials prepared by Franchisee if the materials (i) comply with the requirements of this Agreement, (ii) are completely clear and factual and not misleading, and (iii) conform to the highest standards of ethical marketing and promotion policies which IHA has the right to prescribe Before use, Franchisee must submit to IHA for approval all press releases and policy statements and samples of all local advertising, marketing and related materials not prepared or previously approved by IHA IHA will not unreasonably withhold its approval If written approval is not received by Franchisee from IHA within fifteen (15) days of date of receipt by IHA of any advertising or promotional plans or materials, IHA shall be deemed to have disapproved of such advertising or promotional plans or materials Franchisee may not advertise its business or products sold at the Approved Vending Unit over the Internet (or any other form of electronic commerce) or establish a related digital media account or website without IHA's prior written consent In addition, Franchisee may only use pamphlets, brochures, cards or other promotional materials offering free products if prepared by IHA, unless otherwise approved in advance by IHA

10 **Administration of Marketing Fees**

A IHA will administer the marketing fees it collects under Section 4 and direct all marketing programs financed by the marketing fees, and have the right to determine the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation IHA has the right to use the marketing fees it collects to pay the costs of (i) preparing and producing video, audio and advertising materials, (ii) administering regional and multi-regional marketing programs, including purchasing direct mail and other media marketing and employing advertising, promotion and marketing agencies to assist with advertising, and (iii) supporting public relations, market research and other advertising, promotion and marketing activities IHA has the right, at its option, to use marketing fees to prepare, furnish and/or offer for sale to Franchisee advertising, marketing and promotional formats and materials, as described above IHA will account for the marketing fees it collects separately from its other funds, although IHA is not required to establish a separate marketing fund or bank account for those fees IHA has the right to use the marketing fees it collects to defray the salaries, administrative costs and overhead IHA or its affiliates may incur in activities related to IHA's marketing programs, including conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for the marketing fees IHA collects If Franchisee is paying marketing fees and, on Franchisee's prior written request made within the first quarter of any calendar year, IHA will make available to Franchisee no later than one hundred twenty (120) days after the end of each calendar year, an annual statement of monies collected and costs incurred for IHA's marketing programs No independent audit is required with this statement or the marketing fees

IHA collects IHA has the right in the future to create a marketing fund to be operated by IHA or through another form of entity separate from IHA IHA intends to use the marketing fees it collects to maximize recognition of the Marks as well as to increase patronage at IceBorn Machine locations Although IHA will endeavor to utilize the marketing fees to develop advertising and marketing materials and programs and to place advertising that will benefit all IceBorn Machine locations, IHA cannot ensure Franchisee that IHA's expenditures of marketing fees in or affecting any geographic area will be proportionate or equivalent to the marketing fees paid to IHA by IceBorn Machine locations operating in that geographic area or that the Approved Vending Unit will benefit directly or in proportion to the marketing fees Franchisee pays to IHA from the development of advertising and marketing materials or the placement of advertising

B Within thirty (30) days after the end of each calendar quarter during the Term of this Agreement, IHA will remit to Franchisee an amount up to fifty percent (50%) of the marketing fees Franchisee paid to IHA during the calendar year to reimburse Franchisee for approved local marketing and advertising of the Approved Vending Unit that occurred in any prior calendar quarter during the calendar year for which Franchisee has not requested reimbursement (the "**Marketing Reimbursement**") Franchisee shall be entitled to the Marketing Reimbursement provided Franchisee satisfies the following conditions

(1) Franchisee has submitted to IHA samples of all proposed advertising, marketing and promotional materials not prepared or previously approved by IHA for approval prior to use, which approval shall not be unreasonably withheld If IHA does not notify Franchisee in writing of IHA's approval of these materials within ten (10) days after IHA actually receives them, they will be deemed disapproved Franchisee may not use any materials that IHA has not approved or has disapproved,

(2) Franchisee has prepared a written local marketing plan detailing Franchisee's proposed expenditures and advertising, marketing and promotional programs and submitted such plan to IHA for its approval in accordance with IHA's approval process,

(3) Franchisee has submitted all information, documents and reports as are reasonably requested by IHA to determine Franchisee's advertising, marketing and promotional expenses, and

(4) Franchisee is in compliance with the terms of this Agreement

If Franchisee fails to satisfy the foregoing conditions, then IHA shall retain all marketing fees Franchisee paid to IHA during such calendar year, and Franchisee shall not be entitled to receive the Marketing Reimbursement

that 11 **The Marks** With respect to Franchisee's use of the Marks, Franchisee agrees

A Franchisee shall use the Marks only in the manner authorized and permitted by IHA and any unauthorized use thereof shall constitute a breach of this Agreement and an infringement of IHA's rights in and to the Marks

B Franchisee shall execute any documents deemed necessary by IHA or its counsel to register or otherwise obtain protection for the Marks or to maintain their continued validity and enforceability

C Franchisee shall not use any of the Marks as part of any corporate, partnership or trade name or as a fictitious name

D Franchisee shall not directly or indirectly (i) challenge, attack or contest the validity or the ownership of the Marks, (ii) claim any right, title or interest in or to any of the Marks, (iii) register or apply to register any of the Marks, or any trademark that is confusingly similar to the Marks anywhere in the world, or (iv) grant to anyone any right or authority to use any of the Marks for or in connection with any goods, services or businesses

E In the event that litigation involving the Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify IHA and shall cooperate fully with IHA in defending or settling such litigation, or threatened litigation

F Franchisee shall not register with any entity, or otherwise obtain any domain name that encompasses or comprises any of the Marks without IHA's prior written consent

G IHA reserves the right to substitute different proprietary trademarks for use by Franchisee in its business if any Marks can no longer be used, or if IHA, in its sole discretion, determines that substitution of different proprietary trademarks will be beneficial to Franchisee's business. Franchisee shall comply and cooperate, at Franchisee's expenses, with any requirements imposed by IHA regarding the substitution of different trademarks

H Franchisee will not attempt to register a domain name that contains any of the Marks without the prior approval IHA and subject to such conditions as IHA may require, including the obligation to assign such domain names to IHA upon termination or expiration of this Agreement

12 **Confidential Information**

A Franchisee shall not, during the Term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how including, without limitation, standards, procedures, product information,

specifications and the methods of operation of the Approved Vending Unit which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to those employees who must have access to such confidential information in order to assist Franchisee in the operation of its business. Any and all information, knowledge, know-how, and techniques which IHA designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by IHA or which becomes a part of the public domain, through publication or communication by others, who by that communication are not breaching any obligation of confidentiality to Franchisee or IHA.

B Franchisee acknowledges that the provisions of this Section 12 are and have been a primary inducement to IHA to enter into this Agreement and that any failure to comply with the requirements of Section 12 A may cause IHA irreparable injury without any adequate remedy at law, and, that IHA shall be entitled to all court costs and reasonable attorneys' fees incurred in obtaining specific performance of the covenants contained in Section 12 A or an injunction against any violation of the requirements of Section 12 A of this Agreement.

C At IHA's request, Franchisee shall require any or all of Franchisee's managers and personnel who may have access to confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee. Such covenants shall be in a form satisfactory to IHA, which may include, without limitation, specific identification of IHA as a third party beneficiary of such covenants with the independent right to enforce them.

13 Accounting, Bookkeeping, Records and Reporting

A Franchisee shall maintain and preserve for at least seven (7) years from the date of their preparation full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles, and in a form and manner prescribed by IHA from time to time in the Operating Manual or otherwise in writing.

B During the Term of this Agreement, Franchisee shall submit to IHA, in the manner and form prescribed by IHA, such reports as IHA may prescribe, detailing Franchisee's business activities, sales and other revenues. Franchisee further agrees to provide such other reports and information relating to the operation of Franchisee's business as IHA may require or request in the form, manner and frequency prescribed in the Operating Manual or otherwise in writing.

C At the end of each calendar quarter, Franchisee shall furnish to IHA, not later than the twentieth (20th) day of the month, for the preceding quarter, in the form from time to time prescribed by IHA, a quarterly profit and loss statement signed and verified by Franchisee accurately reflecting the results of operations of Franchisee's business. Franchisee shall also prepare and furnish to IHA, within ninety (90) days after the end of each fiscal year of Franchisee's business, an annual statement of profit and loss.

and a balance sheet for Franchisee's business. Such statement and balance sheet shall be signed and verified by Franchisee and, at IHA's request, be accompanied by the certification of a certified public accountant that the statement and balance sheet are accurate.

14 **Inspections and Audits** To determine whether Franchisee is complying with this Agreement, IHA or its designee shall have the right at times during normal business hours upon reasonable prior notice to Franchisee to enter onto the premises in which applicable business records are then kept and inspect, and conduct an audit or examination of, the business records, bookkeeping and accounting records, invoices, bank deposits, receipts and other business records and documents or otherwise relevant to the confirmation of the gross revenues of Franchisee's business. Franchisee shall fully cooperate with IHA in making, conducting, supervising or observing any such inspection or audit. If an understatement of royalty fees due to IHA for any period is determined by any such examination or audit to be one and one-half percent (1.5%) or greater, Franchisee shall pay for the cost of such audit or examination, including, without limitation, the charges and disbursements of any independent accountants or auditors in connection with such audit or examination. In the event an audit determines that there has been an underpayment of royalty fees due IHA, the amount of such underpayment, together with interest at the rate specified in Section 4 hereof from the date due until the date paid, shall immediately be paid by Franchisee to IHA.

15 **Insurance** Franchisee shall procure and maintain in full force and effect during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and IHA, and their respective officers, directors, partners, and employees, against any claims for loss, liability, personal injury, death, property damage, or any expense whatsoever arising out of or occurring upon or in connection with Franchisee's business. Such policy or policies shall be written by an insurance company satisfactory to IHA in accordance with IHA's then current standards and specifications for insurance coverage, including minimum policy limits of coverage. IHA's current insurance requirements are set forth in Exhibit E. Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment therefor to IHA, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to IHA. Should Franchisee, for any reason, fail to procure or maintain any insurance required by this Agreement, as such requirements may be revised from time to time by IHA in writing, IHA shall have the right and authority (without, however, any obligation), immediately to procure such insurance and to charge the same to Franchisee.

16 **Termination by IHA**

A Franchisee shall be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Franchisee if (i) Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, (ii) a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, (iii) Franchisee is adjudicated a bankrupt or insolvent, (iv) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other

custodian for Franchisee's business or assets is filed and consented to by Franchisee, (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (vi) proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee, (vii) a final judgment against Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed), or (viii) execution is levied against business or property used in Franchisee's business

B IHA shall have the right to terminate this Agreement effective immediately upon written notice to Franchisee if

- (1) Franchisee at any time abandons its business,
- (2) Franchisee is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that IHA believes is reasonably likely to have an adverse effect on the Marks and the goodwill associated with the Marks,
- (3) Franchisee has made any material misrepresentations in connection with Franchisee's application to IHA for the rights granted herein,
- (4) Franchisee (or any of its owners) purports to assign or transfer any interest in the Agreement or any interest in Franchisee or the business without IHA's consent,
- (5) Franchisee fails to comply with the covenants contained in Section 23 of this Agreement or fails to protect and preserve the confidential information that is provided by IHA pursuant to this Agreement,
- (6) Franchisee knowingly maintains false books or records, or submits or makes any false reports or statements to IHA,
- (7) Franchisee (or its principal owner or any manager) fails to complete, to IHA's satisfaction, any required training program and to cure such failure within twenty (20) business days after written notice thereof is delivered to Franchisee,
- (8) Franchisee fails to pay IHA any amounts due under this Agreement and to cure such failure within ten (10) business days after written notice thereof is delivered to Franchisee, or
- (9) Franchisee defaults in any of its other obligations under this Agreement and fails to cure such default within twenty (20) business days after written notice thereof is delivered to Franchisee

17 **Effect of Termination or Expiration** Upon termination or expiration of this Agreement, all of Franchisee's rights under this Agreement shall immediately cease, specifically including, but not limited to, the right to operate the Approved Vending Unit under or in

11

Initials__

connection with the Marks, effective as of the date of termination or expiration. Franchisee agrees that, upon the termination or expiration of this Agreement, Franchisee will

A pay within ten (10) days after this Agreement expires or is terminated, or on any later date that the amounts due are determined, the royalty fees, marketing fee, interest and all other amounts owed to IHA or its affiliates which then are unpaid, including damages arising from the termination of this Agreement,

B not directly or indirectly at any time or in any manner identify itself or any business as a current or former authorized franchisee, representative or associate of IHA,

C not directly or indirectly at any time or in any manner (except in connection with other IceBorn Machines that Franchisee or its owners own or operate) (i) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of an IceBorn Machine in any manner or for any purpose, including in or on any advertising or marketing materials, forms, or any website or other electronic media, or (ii) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with IHA or the network of IceBorn Machines,

D return to IHA the Operating Manual and all advertising materials, forms, and other materials relating to the Approved Vending Unit, and

E make such alterations as IHA reasonably specifies to distinguish the Approved Vending Unit clearly from its former appearance as an IceBorn Machine and from other IceBorn Machines so as to prevent a likelihood of confusion by the public and otherwise take the steps that IHA specifies to de-identify the Approved Vending Unit, including permanently removing all Marks

All of IHA's and Franchisee's obligations hereunder which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire

If Franchisee elects not to renew this Agreement in accordance with Section 3 above, if Franchisee is unable to comply or has not complied with the conditions for renewal as set forth in Section 3 above, or if IHA terminates this Agreement, or any renewal thereof, for cause, IHA shall have the right, but not the obligation, to purchase the Approved Vending Unit at fair market value. If the parties cannot agree on the fair market value of the Approved Vending Unit within fifteen (15) days from the date of termination or expiration, the fair market value shall be determined by an independent appraiser selected by the parties. If the parties are thereafter unable to agree on an appraiser within fifteen (15) days, IHA and Franchisee shall each appoint an independent appraiser and the independent appraiser selected by the parties shall appoint a third independent appraiser who shall then determine the fair market value of the Approved Vending Unit. The costs of the appraisal shall be shared equally by IHA and Franchisee.

18 **Compliance with Laws and Good Business Practices** Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to Franchisee's activities hereunder and shall operate in full compliance with all applicable laws, ordinances and regulations. All advertising and promotion by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of IHA.

19 **Taxes and Permits**

A. Franchisee shall promptly pay when due all taxes levied or assessed including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of Franchisee's business.

B. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of Franchisee's business including, without limitation, licenses to do business, fictitious or assumed name registrations, deliveries, and sales tax permits.

C. Franchisee shall notify IHA, in writing, within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee's business.

20 **Indemnification** Franchisee shall indemnify, defend and hold harmless IHA, its affiliates and its and their respective officers, directors, employees, agents, successors and assigns from all losses, costs, liabilities, damages, claims and expenses of every kind and description, including reasonable attorneys' fees, arising out of or resulting from the operation or conduct by Franchisee of its business under this Agreement, unless such act or omission was authorized by IHA. This indemnification provision shall survive termination or expiration of this Agreement.

21 **Independent Contractors** This Agreement does not create a fiduciary relationship between Franchisee and IHA. Franchisee has no authority, express or implied, to act as an agent of IHA or any of its affiliates for any purpose. Franchisee is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Approved Vending Unit and for all claims or demands based on damage to or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Approved Vending Unit. Further, IHA and Franchisee are not and do not intend to be partners, joint venturers, associates, in any way, and IHA shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Franchisee or its owners are solely responsible for the operation of the Approved Vending Unit. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, and others as the owner of the Approved Vending Unit under a franchise that IHA has granted.

22 Transfers and Assignments

A This Agreement is fully transferable by IHA and shall inure to the benefit of any transferee or other legal successor to IHA's interests herein

B Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that IHA has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and its owners. Accordingly, neither Franchisee nor any of its owners, nor any successor or assign of Franchisee or any of its owners, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in Franchisee's business or in Franchisee without the prior written consent of IHA. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach under this Agreement. If Franchisee wishes to transfer all or part of its interest in this Agreement, or if Franchisee or one or more of its owners wishes to transfer any ownership interest in Franchisee, the proposed transferor and transferee shall apply to IHA for its consent, which consent shall not be unreasonably withheld provided all of the following conditions are satisfied

(1) All of Franchisee's accrued monetary obligations to IHA or any subsidiary or affiliate of IHA shall have been satisfied,

(2) Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and IHA and its affiliates,

(3) Franchisee, or one or more of its owners, as applicable, shall have executed a general release in a form satisfactory to IHA, of any and all claims against IHA and its officers, directors, shareholders, and employees, in their corporate and individual capacities,

(4) The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as IHA may request) shall enter into a written assignment in a form satisfactory to IHA, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement or, at the request of IHA, enter into IHA's then current franchise agreement for a term ending on the expiration of the Term of this Agreement,

(5) The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as IHA may request) shall demonstrate to IHA's satisfaction that the transferee (i) meets IHA's educational, managerial, and business standards, (ii) possesses a good moral character, business reputation, and credit rating, (iii) has the aptitude and ability to conduct Franchisee's business (as may be evidenced by prior related business experience or otherwise), and (iv) has adequate financial resources and capital to operate the business,

(6) At the transferee's expense, the transferee shall complete any training program then in effect for franchisees at such time as IHA may reasonably require, and

(7) Franchisee or the transferee shall pay IHA a transfer fee of Two Thousand Dollars (\$2,000) to cover IHA's supervisory, administrative, accounting, legal, training and other costs and expenses in connection with the transfer

C Upon the death or permanent disability of Franchisee or any person with any interest in Franchisee, the executor, administrator, or personal representative of such person shall transfer the interest to a third party approved by IHA within six (6) months after such death or permanent disability. Such transfers including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer (transfer by conveyance). However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 22, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest in Franchisee's business, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If an approved transfer is not effected within a reasonable time, IHA may terminate this Agreement immediately upon written notice to the executor, administrator or any living person having an ownership interest in Franchisee's business.

D IHA's consent to a transfer as provided herein shall not constitute a waiver of any claims IHA may have against the transferring party, nor shall it be deemed a waiver of IHA's right to demand exact compliance with any of the terms of this Agreement by the transferee.

23 Covenants

A Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information including, without limitation, information relating to the operational, sales, promotional, and marketing methods and techniques related to the placement and operation of IceBorn Machines. Accordingly, Franchisee covenants that

(1) During the Term of this Agreement, except as otherwise approved in writing by IHA, Franchisee or any owners of Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company

(a) Divert or attempt to divert any business or customer of Franchisee's business to any competitor by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, or

(b) Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any direct or indirect interest in any similar business

including, without limitation, any business that offers, sells or operates products the same as or similar to IceBorn Machines

(2) Except as otherwise approved in writing by IHA, for a continuous uninterrupted period of time commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter, regardless of the cause for termination and regardless of which party terminates this Agreement, Franchisee or any owners of Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company own, maintain, advise, help, invest in, make, including, without limitation, any loans to, be employed by, engage in, or have any direct or interest in any in any similar business, including any business that offers, sells or operates a product that is the same as or similar to an IceBorn Machine at or within five (5) miles of the Approved Location.

B The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant in this Agreement. If all or any portion of a covenant in this Section 23 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which IHA is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 23.

C Franchisee understands and acknowledges that IHA shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 23 A of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

D Franchisee acknowledges that Franchisee's violation of the terms of this Section 23 would result in irreparable injury to IHA for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by IHA in obtaining an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 23. The issuance of such an injunction shall be in addition to any and all rights and remedies which IHA may have.

24 **Entity Franchisee and Guaranty**

A In the event that Franchisee is a corporation or limited liability company, Franchisee shall comply with the following requirements:

(1) The Approved Vending Unit and other IceBorn Machines, if applicable, will be the only businesses Franchisee owns or operates (subject to Section 23).

(2) Copies of Franchisee's Articles of Incorporation, Certificate of Organization or charter shall at all times provide that its activities are confined exclusively to operating the business contemplated hereunder

(3) Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity security, and each equity security of Franchisee shall have endorsed on it the following printed legend which shall legibly and conspicuously appear

"The transfer of the [stock][ownership interest] represented by this certificate is subject to the terms and conditions of a Franchise Agreement with IHA Franchising, LLC dated [insert date of Agreement] "

(4) Franchisee shall maintain a current list of all owners of record or members and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to IHA upon request

B In the event that Franchisee is a partnership, Franchisee shall comply with the following requirements

(1) Franchisee shall furnish IHA with its partnership agreement as well as such other documents as IHA may reasonably request, and any amendment thereto, and

(2) Franchisee shall prepare and furnish to IHA, upon request, a list of all general and limited partners in Franchisee

C If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee represents and warrants as of the Effective Date that the ownership interests in Franchisee are accurately and completely described in Exhibit C. Franchisee covenants that if there is any change to the information disclosed in Exhibit C, it shall promptly submit an updated Exhibit C to IHA.

D Franchisee's owners must sign an agreement in the form IHA designates undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and IHA (a "Guaranty"), the current version of which is Exhibit D to this Agreement

25 **Arbitration** All controversies, disputes or claims between IHA, its subsidiaries and affiliates (and their respective shareholders, officers, directors, agents and employees) and Franchisee (and its affiliates, agents and employees) arising out of or related to this Agreement or the relationship of the parties hereto shall be submitted for arbitration to the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in the city in which IHA then maintains its principal place of business, and shall be heard by one arbitrator, and except as this Section otherwise provides, in accordance with the then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have no authority to select a different hearing locale. The arbitrator shall have the

right to award or include in the award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

26 **Preliminary Relief** Nothing herein shall prevent either party from applying to and obtaining a writ of attachment, temporary or preliminary injunction or other equitable relief from a court of competent jurisdiction, if necessary to preserve the status quo pending arbitration.

27 **Governing Law and Jurisdiction** All issues relating to arbitration by IHA and Franchisee shall be governed by the Federal Arbitration Act (the "FAA"). Except to the extent governed by the FAA, this Agreement, and the relationship between IHA and Franchisee shall be governed by and construed in accordance with the laws of the State of Florida (without regard to its conflict of law principles). With respect to any controversies, disputes or claims which are not subject to arbitration above, the parties irrevocably submit to the jurisdiction of the state courts of the state in which IHA then maintains its principal place of business and the federal district courts in such state and hereby waive all objections to personal jurisdiction for the purpose of carrying out this provision. Notwithstanding the foregoing, IHA may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee or any of its owners resides or the Approved Vending Unit is located. In any arbitration or litigation brought or conducted hereunder, the prevailing party shall recover its reasonable costs and expenses, including attorneys' fees incurred with respect to the dispute.

28 **Notices and Payments** All written notices permitted or required by the provisions of this Agreement shall be deemed delivered (i) one (1) business day after transmission by facsimile, telecopy or other electronic system (evidenced by a machine generated receipt), (ii) one (1) business day after being placed in the hands of a commercial courier service for guaranteed next-day delivery, or (iii) five (5) business days after mailing, proper postage prepaid, by Registered or Certified Mail (or the equivalent), Return Receipt Requested. Any notice to any party must be sent to the address specified on the first page of this Agreement, although IHA may change this address for notice by giving Franchisee written notice of the new address. Franchisee may change the address for notice only by giving IHA fifteen (15) days' prior notice by any of the means specified in subparagraphs (i) through (iii) above.

29 **Waiver** The waiver by either party of a breach or provision of this Agreement by the other shall not operate to be construed as a waiver of any subsequent breach by such other party.

30 **Severability** The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or illegal in a final determination issued by a court or other administrative or judicial body having relevant jurisdiction or authority, and if such provision cannot be modified so as to preserve its legality and enforceability, then such a finding shall not

invalidate any other provision hereunder and the provision declared invalid or illegal shall be considered severed from the remainder of the Agreement without impacting the Agreement's effectiveness (but for the severed provision)

31 **Entire Agreement** This Agreement contains the entire understanding and agreement between the parties. All prior discussions, understandings, negotiations and agreements are merged herein. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require Franchisee to waive reliance on any representation that IHA has made in the franchise disclosure document (including its exhibits and attachments) that IHA delivered to Franchisee or Franchisee's representative. This Agreement may not be changed orally or rescinded, but may only be changed or rescinded by an agreement to such effect in writing signed by the parties against whom enforcement of the same is sought.

32 **Counterparts** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures shall be sufficient to bind the parties.

33 **General** The paragraph headings are for information only and this Agreement shall not be construed by reference thereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the date and year first above written.

IHA FRANCHISING, LLC, a Delaware
limited liability company

By _____

Name (printed) _____

Title _____

FRANCHISEE

By _____

Name (printed) _____

Title _____

EXHIBIT A
APPROVED LOCATION

A-1

Initials__

EXHIBIT B
PROTECTED TERRITORY

B-1

Initials

EXHIBIT C

STATEMENT OF OWNERSHIP INTERESTS

The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Franchisee, and a description of the nature of their interest

EXHIBIT D

GUARANTY

For value received, in consideration for and as an inducement for IHA to enter into the Franchise Agreement with Franchisee to which this Guaranty is attached, the undersigned personally guarantees to IHA, its successors and assigns the full performance and observance of all of the covenants, conditions and agreements, therein provided (including the non-competition, transfer and arbitration requirements) to be performed and observed by Franchisee and the undersigned further agrees to be bound by all such covenants, conditions and agreements contained in the Franchise Agreement. The undersigned further covenants and agrees that this personal guaranty shall remain and continue in full force and effect as to any renewal, modification or extension of the Franchise Agreement. The undersigned agree(s) that the undersigned's liability under this Guaranty shall be direct and immediate, joint and several, and shall not be contingent upon pursuit by IHA of any other remedies against Franchisee or any other person.

Execution Date _____

EXHIBIT E
INSURANCE REQUIREMENTS

Insurance Requirements

The Agent, at its own expense, shall purchase and maintain in full force and effect, such insurance on an occurrence form (unless otherwise noted below) with a company or companies lawfully authorized to do business in the jurisdiction in which the agent is located/operating and have a general policy holder rating of "A" or better as rated by AM Best, insurance policies as outlined below. Such policies shall protect the Company from claims, which may arise out of or result from the Agent's (or anyone directly or indirectly employed by the Agent) operation's performed under the Contract. The Agent shall be required to provide Certificates of Insurance, and upon demand, any policy or endorsement, evidencing the following coverage

Commercial General Liability (CGL)

Limits: \$1,000,000 each occurrence
\$2,000,000 general aggregate limit
\$2,000,000 products/completed operations aggregate limit
\$1,000,000 personal injury/advertising injury limit

Coverage

Insurance coverage should be in force and maintained on a coverage form no less restrictive than the latest edition of the Commercial General Liability policy filed by the Insurance Service Office "ISO"

Requirements.

- 1 IHA Franchising, LLC and its subsidiaries and assigns are to be listed as an additional insured (or blanket additional insured as required by written contract)
- 2 Insurance must contain primary and non-contributory wording
- 3 Waiver of Subrogation with respect to General Liability
- 4 Per location coverage

Worker's Compensation and Employer's Liability Coverage:

Limits: Coverage A (Workers Compensation) – statutory

Coverage B (Employer's Liability) - \$500,000 per accident or disease (or sufficient to meet Umbrella requirements)

Coverage:

If applicable, statutory coverage for United States Longshoreman and Harbor Workers, and the Jones Act

Requirements:

Waiver of subrogation with respect to Worker's Compensation

Comprehensive Automobile Liability.

Limits \$1,000,000 Combined Single Limit (CSL) for Bodily Injury and Property Damage

Coverage. Coverage to include owned, non-owned and hired vehicles, including the loading and unloading thereof

Requirements.

Waiver of subrogation with respect to Auto Liability

In the event the Agent does not own any automobiles in the corporate name, non-owned vehicle coverage shall apply and must be endorsed onto the agent's personal auto policy or the CGL coverage

Excess Liability Umbrella Coverage:

The umbrella policies shall contain a minimum \$2,000,000 per occurrence and \$2,000,000 aggregate limit with coverage at least as broad as primary underlying insurance, covering all work performed by the agent under this contract

Additional Insured status must be provided on Umbrella as well

EXHIBIT C

MULTI-UNIT ZONE FRANCHISE AGREEMENT

Exhibit C

IHA FRANCHISING, LLC
MULTI-UNIT ZONE FRANCHISE AGREEMENT

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EXHIBITS

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Exhibit C – Statement of Ownership Interests

Exhibit D – Insurance Requirements

IHA FRANCHISING, LLC

MULTI-UNIT ZONE FRANCHISE AGREEMENT

THIS MULTI-UNIT ZONE FRANCHISE AGREEMENT (this "Agreement") is made and entered into as of this _____ day of _____, 20__ (the "Effective Date"), by and between **IHA FRANCHISING, LLC**, a Delaware limited liability company having its principal place of business at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 ("**IHA**"), and _____, a _____ having its principal place of business at _____ ("**Multi-Unit Franchisee**")

RECITALS

WHEREAS, IHA and/or its affiliates are in the business of manufacturing and distributing certain machinery and related accessories for the production, sale and delivery of ready-made, bulk or bagged ice and bulk water,

WHEREAS, the machinery manufactured and distributed by IHA and/or its affiliates include an ice vending machine ("**IceBorn House**") and an ice vending kiosk ("**IceBorn Kiosk**"), both of which are subject to patents owned or pending by IHA's affiliate (collectively, "**IceBorn Machines**"),

WHEREAS, IHA's business is associated with certain trademarks, service marks and other commercial symbols, including "Ice House America," "IceBorn," and "Fresh From the Source" (collectively, the "**Marks**"),

WHEREAS, Multi-Unit Franchisee has applied to IHA for the right to purchase and operate multiple IceBorn Machines at locations approved by IHA within a certain geographic area over a certain period of time,

WHEREAS, IHA is willing to grant such rights to Multi-Unit Franchisee, provided Multi-Unit Franchisee complies with the terms and conditions of this Agreement, and

WHEREAS, Multi-Unit Franchisee understands and acknowledges the importance of the high standards of quality and service established by IHA for the operation of IceBorn Machines and the necessity of following those standards in the operation of IceBorn Machines

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, intending to be legally bound, hereby mutually agree as follows

1 Grant of Rights

A IHA hereby grants to Multi-Unit Franchisee, upon the terms and conditions of this Agreement, the non-exclusive right, and Multi-Unit Franchisee undertakes the obligation, to purchase and operate IceBorn Machines at locations approved by IHA ("**Approved Locations**") within the Zone (as defined below), subject to the terms of this Agreement (the "**Development**"

Initials__

Rights”) Multi-Unit Franchisee accepts such grant and agrees to devote sufficient time and efforts to fulfill its obligations under this Agreement. Multi-Unit Franchisee acknowledges and understands that IHA does not control the location of certain ice vending machines or other models sold to independent owners, dealers, distributors or franchisees prior to the date hereof or that may be sold hereafter pursuant to existing agreements and that such machines may be located at sites within the Zone.

B Simultaneously with signing this Agreement, Multi-Unit Franchisee must pay IHA a fee of _____ Dollars (\$_____) (the “**Development Fee**”). The Development Fee is fully earned by IHA when this Agreement is signed and is non-refundable. IHA does not charge Multi-Unit Franchisee any initial franchise fees when Multi-Unit Franchisee signs franchise agreements for the IceBorn Machines that Multi-Unit Franchisee has agreed to place within the Zone in compliance with the Development Schedule (defined in Section 5 A).

C Multi-Unit Franchisee shall not offer, sell, or negotiate the sale of the Development Rights to any third party, either in its own name or in the name of IHA, or otherwise subfranchise, subcontract, share, divide or partition the Development Rights or the Zone. Pursuant to this Agreement, Multi-Unit Franchisee will (i) purchase a sufficient inventory of IceBorn Machines to satisfy the Development Schedule, (ii) use its best efforts to develop and establish IceBorn Machines at Approved Locations throughout the Zone, and (iii) not engage in any activity that conflicts with Multi-Unit Franchisee’s development obligations under this Agreement.

D The geographic area within which Multi-Unit Franchisee shall have the Development Rights described in this Agreement is set forth on Exhibit A attached hereto and incorporated herein by reference (the “**Zone**”). Provided Multi-Unit Franchisee and its affiliates are in full compliance with this Agreement and all other agreements between Multi-Unit Franchisee (or any of its affiliates) and IHA (or any of its affiliates), including, without limitation, the Franchise Agreement and all other franchise agreements then in effect between Multi-Unit Franchisee (or any affiliate) and IHA for the operation of IceBorn Machines, then, during this Agreement’s Term only, except as otherwise provided in this Agreement, neither IHA nor its affiliates will operate, or authorize any other party to operate, an IceBorn Machine that has its physical location within the Zone.

E Notwithstanding any other provision of this Agreement, IHA reserves all rights not granted to Multi-Unit Franchisee hereunder, including the right to initiate (without Multi-Unit Franchisee’s consent) a national or regional account sales program for products that could be distributed in the Zone. “**National or regional account**” shall mean an account with a third party that has interstate or regional operations in multiple locations. Specifically, except as provided herein, the rights granted to Multi-Unit Franchisee under this Agreement are nonexclusive, and IHA and its affiliates have and retain all rights within and outside the Zone. Accordingly, IHA, its affiliates, and any other authorized person or entity shall have the right, among others, to (i) develop, establish and acquire other business systems within and outside the Zone (including systems that distribute products or services similar to IceBorn Machines) without providing any rights to, or requiring the approval of, Multi-Unit Franchisee, (ii) initiate a national or regional account sales program in the Zone as provided above, and (iii) advertise and promote IceBorn Machines in the Zone, including through the Internet.

F Multi-Unit Franchisee will operate each IceBorn Machine placed in the Zone under a separate franchise agreement (and related documents) with IHA. The franchise agreement (and related documents) that Multi-Unit Franchisee will sign for each IceBorn Machine will be IHA's then current form of franchise agreement and related documents, any or all of the terms of which may differ substantially from the terms contained in the Franchise Agreement (defined in Section 5 B), provided, however, that

(1) no initial franchise fee is due for any IceBorn Machine that Multi-Unit Franchisee places within the Zone during the Term of this Agreement in compliance with the Development Schedule, and

(2) Multi-Unit Franchisee will pay a reduced royalty fee (see below) under the franchise agreements for the IceBorn Machines that Multi-Unit Franchisee places in the Zone in compliance with the Development Schedule. Multi-Unit Franchisee's reduced royalty fee depends on the number of IceBorn Machines that Multi-Unit Franchisee simultaneously operates under effective franchise agreements with IHA. Specifically, if Multi-Unit Franchisee has

(i) at least five (5) but no more than nine (9) IceBorn Machines in simultaneous operation within the Zone, IHA will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to five and one-half percent (5 5%) of gross revenues for the franchise term (or balance thereof),

(ii) at least ten (10) but no more than fourteen (14) IceBorn Machines in simultaneous operation within the Zone, IHA will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to five percent (5%) of gross revenues for the franchise term (or balance thereof), and

(iii) Fifteen (15) or more IceBorn Machines in simultaneous operation within the Zone, IHA will reduce the royalty fee payable under the franchise agreements for each IceBorn Machine to four and one-half percent (4 5%) of gross revenues for the franchise term (or balance thereof)

Multi-Unit Franchisee and IHA shall execute an amendment to each franchise agreement evidencing the applicable royalty reduction. Notwithstanding anything to the contrary contained herein, if, at any time during the Term, Multi-Unit Franchisee and its affiliates fail to have the number of IceBorn Machines in simultaneous operation to satisfy the applicable royalty reduction threshold(s) outlined above, then IHA will have the right, in addition to all other remedies under this Agreement, to reinstate the applicable royalty fee payable to IHA based on the number of IceBorn Machines Multi-Unit Franchisee then simultaneously operates effective immediately upon delivery of written notice to Multi-Unit Franchisee.

In the event Multi-Unit Franchisee owns and operates pre-existing IceBorn Machines at locations within the Zone prior to executing this Agreement, such IceBorn Machines will count toward the total number of IceBorn Machines used to determine the royalty fee reduction described above.

2 **Term and Expiration** The term of this Agreement begins on the Effective Date and ends on the date when (i) Multi-Unit Franchisee opens the final IceBorn Machine under the Development Schedule, or (ii) this Agreement otherwise is terminated, but in any event the term will end no later than _____ (the “Term”) This Agreement and the Development Rights granted hereunder are not renewable, and Multi-Unit Franchisee has no expectation of any right to extend the Term.

3 **Identification of Approved Locations for IceBorn Machines** Multi-Unit Franchisee, with assistance from IHA, shall identify potential sites for the placement of IceBorn Machines IHA will, to the extent IHA deems advisable, offer counseling and advice in selecting sites Upon identification by Multi-Unit Franchisee or IHA of a proposed location for placement of an IceBorn Machine, Multi-Unit Franchisee and IHA shall promptly review such specific site data, demographic and other information concerning the site as may be reasonably required by IHA IHA shall either accept or reject the proposed site within a reasonable time after receiving all site data, demographic and other information concerning the site, as requested by IHA To be effective, any acceptance by IHA must be in writing Multi-Unit Franchisee understands and acknowledges that IHA may reject, in its sole judgment, any proposed site that does not meet its then current criteria for IceBorn Machines The acquisition in any manner of any proposed site prior to approval by IHA shall be at the sole risk and responsibility of Multi-Unit Franchisee and shall not obligate IHA in any way to accept the site

4 **Site Suitability** In executing this Agreement, accepting or rejecting any potential location, giving advice or providing services or assistance in connection with identifying and locating sites under this Agreement, IHA does not guarantee or warrant the suitability of any location or the success of any IceBorn Machine IHA expressly disclaims any such guarantees or warranties, express or implied, with respect to the success of any IceBorn Machine Multi-Unit Franchisee additionally acknowledges that the success of any IceBorn Machine depends on many factors, some of which are outside the control of either IHA or Multi-Unit Franchisee, but principally depend on Multi-Unit Franchisee’s efforts and business acumen in operating an IceBorn Machine at an Approved Location

5 **Duties of Multi-Unit Franchisee**

A Multi-Unit Franchisee agrees to establish and have in operation the number of IceBorn Machines in the Zone in accordance with the development schedule set forth in Exhibit B attached hereto (the “Development Schedule”), which was mutually agreed to between the parties

B Multi-Unit Franchisee shall have the obligation to enter into a franchise agreement with IHA within sixty (60) days after the date Multi-Unit Franchisee executes this Agreement (the “Franchise Agreement”) to open and operate the first IceBorn House or IceBorn Kiosk in the Zone IHA and its affiliates reserve the right to change the published price for IceBorn Machines upon thirty (30) days’ advance written notice to Multi-Unit Franchisee Any such change in the prices for IceBorn Machines shall apply to any purchase order received by IHA and its affiliates after the effective date and notice to Multi-Unit Franchisee of such price

change All purchases shall be subject to the terms and conditions established by IHA and its affiliates from time to time

C Multi-Unit Franchisee shall, at its sole expense, develop a program to promote IceBorn Machines throughout the Zone

D All advertising by Multi-Unit Franchisee in any medium shall be conducted in a dignified manner, shall be completely truthful, accurate, and not misleading, shall comply with the highest ethical standards applicable to advertising generally and the Multi-Unit Franchisee's business in particular, shall comply with all federal, state, and local laws and regulations and shall conform to such standards and requirements as IHA may specify from time to time in writing Multi-Unit Franchisee shall not use any advertising or promotional plans or materials unless and until Multi-Unit Franchisee has received written approval from IHA, which approval shall not be unreasonably withheld If written approval is not received by Multi-Unit Franchisee from IHA within fifteen (15) days of date of receipt by IHA of any advertising or promotional plans or materials, IHA shall be deemed to have disapproved of such advertising or promotional plans or materials Multi-Unit Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of IHA or the goodwill associated with the Marks Multi-Unit Franchisee shall not disseminate or display any advertising, promotional or marketing materials of any kind which have not been provided to Multi-Unit Franchisee by IHA or approved in writing by IHA Multi-Unit Franchisee shall not establish a separate digital media account or website to advertise, promote or market Multi-Unit Franchisee's business or its IceBorn Machines without the prior written consent of IHA

E Multi-Unit Franchisee shall provide all information reasonably requested by IHA to enable it to review proposed sites for IceBorn Machines and to enable IHA to otherwise exercise its right to approve sites for the placement of IceBorn Machines

F Multi-Unit Franchisee shall ensure that all IceBorn Machines in the Zone are in good working order, clean, well-lit, and otherwise promote an enticing environment for customers

G Periodically, but no less than quarterly, Multi-Unit Franchisee shall inspect the operation of each of the IceBorn Machines in the Zone to ensure compliance with IHA's standards In addition, and without limitation of the foregoing, Multi-Unit Franchisee agrees to assist in administering quality assurance programs established by IHA from time to time

6 Duties of IHA

A IHA shall sell or arrange for the sale of IceBorn Machines to Multi-Unit Franchisee for purposes of enabling Multi-Unit Franchisee to satisfy its duties and obligations under this Agreement IHA shall use its reasonable efforts to ensure that Multi-Unit Franchisee's purchase orders are filled promptly

B IHA shall make available for purchase repair and replacement parts determined by IHA to be reasonably necessary to service IceBorn Machines

C IHA shall seek to maintain high standards of quality, cleanliness, health, safety, appearance and service at the IceBorn Machines, and to that end shall provide Multi-Unit Franchisee with such continuing advisory assistance as IHA deems advisable in the operation of the IceBorn Machines and inspection of the IceBorn Machines operating at Approved Locations to ensure quality of products and services and the appearance of the system.

D IHA will provide Multi-Unit Franchisee with access to any promotional materials that IHA may (but is not required to) develop, the cost of which IHA may pass on to Multi-Unit Franchisee

7 **The Marks** This Agreement is not a franchise agreement and does not grant Multi-Unit Franchisee the right to engage in the business of offering, selling or distributing goods and services under the Marks or to use the Marks in any manner. These rights are granted only by the franchise agreements.

8 **No Sublicensing Rights** This Agreement does not grant Multi-Unit Franchisee rights to license others to operate IceBorn Machines. Only Multi-Unit Franchisee may open and operate IceBorn Machines pursuant to this Agreement and only under franchise agreements with IHA.

9 **Transfers and Assignments**

A IHA shall have the right to transfer or assign all or any part of this Agreement and IHA's rights or obligations herein to any person or legal entity.

B Multi-Unit Franchisee (and its owners) acknowledge that IHA is granting Multi-Unit Franchisee the rights under this Agreement because of IHA's perception of Multi-Unit Franchisee's (and Multi-Unit Franchisee's owners') individual and collective character, skill, business acumen, financial capability and ability to operate IceBorn Machines according to IHA's standards. Therefore, this Agreement may not be assigned or transferred without the prior written consent of IHA, which IHA may grant or withhold for any or no reason. In connection with any transfer or assignment of this Agreement, Multi-Unit Franchisee shall pay to IHA a transfer fee equal to the number of remaining IceBorn Machines to be developed under the Development Schedule at the time of transfer or assignment, multiplied by Seven Thousand Dollars (\$7,000).

10 **Termination** IHA may terminate this Agreement and Multi-Unit Franchisee's right to develop additional IceBorn Machines within the Zone at any time, effective upon delivery of written notice of termination, if (a) Multi-Unit Franchisee fails to satisfy either its development obligations under the Development Schedule or any other obligation under this Agreement and does not cure such failure within thirty (30) days after receiving written notice thereof from IHA, or (b) any franchise agreement between IHA and Multi-Unit Franchisee for an IceBorn Machine is terminated by IHA or Multi-Unit Franchisee for any reason. If this Agreement is terminated for any reason, Multi-Unit Franchisee will lose all rights to further develop IceBorn Machines in the Zone, provided, however, termination will not affect Multi-Unit Franchisee's right to operate any IceBorn Machines in existence or under development.

provided Multi-Unit Franchisee is in compliance with the franchise agreement for any such IceBorn Machine

11 Corporate, Limited Liability Company or Partnership Multi-Unit Franchisees

A In the event that Multi-Unit Franchisee is a corporation or limited liability company, Multi-Unit Franchisee shall comply with the following requirements

(1) The IceBorn Machines will be the only businesses Multi-Unit Franchisee owns or operates

(2) Copies of Multi-Unit Franchisee's Articles of Incorporation, Certificate of Organization or charter shall at all times provide that its activities are confined exclusively to operating the business contemplated hereunder

(3) Multi-Unit Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity security, and each equity security of Multi-Unit Franchisee shall have endorsed on it the following printed legend which shall legibly and conspicuously appear

"The transfer of the [stock][ownership interest] represented by this certificate is subject to the terms and conditions of a Multi-Unit Zone Franchise Agreement with IHA Franchising, LLC dated [insert date of Agreement] "

(4) Multi-Unit Franchisee shall maintain a current list of all owners of record or members and all beneficial owners of any class of voting securities or securities convertible into voting securities of Multi-Unit Franchisee and shall furnish the list to IHA upon request

B In the event that Multi-Unit Franchisee is a partnership, Multi-Unit Franchisee shall comply with the following requirements

(1) Multi-Unit Franchisee shall furnish IHA with its partnership agreement as well as such other documents as IHA may reasonably request, and any amendment thereto, and

(2) Multi-Unit Franchisee shall prepare and furnish to IHA, upon request, a list of all general and limited partners in Multi-Unit Franchisee

C If Multi-Unit Franchisee is a corporation, partnership, limited liability company or other legal entity, Multi-Unit Franchisee represents and warrants as of the Effective Date that the ownership interests in Multi-Unit Franchisee are accurately and completely described in Exhibit C Multi-Unit Franchisee covenants that if there is any change to the information disclosed in Exhibit C, it shall promptly submit an updated Exhibit C to IHA

12 Taxes and Permits

A Multi-Unit Franchisee shall promptly pay when due all taxes levied or assessed including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Multi-Unit Franchisee in the conduct of Multi-Unit Franchisee's business

B Multi-Unit Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of Multi-Unit Franchisee's business including, without limitation, licenses to do business, fictitious or assumed name registrations, and sales tax permits

C Multi-Unit Franchisee shall notify IHA, in writing, within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, aware, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Multi-Unit Franchisee's business

13 Confidential Information

A Multi-Unit Franchisee shall not, during the Term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how including, without limitation, standards, procedures, product information, specifications and the methods of operation of IceBorn Machines which may be communicated to Multi-Unit Franchisee, or of which Multi-Unit Franchisee may be apprised, by virtue of Multi-Unit Franchisee's operation under the terms of this Agreement. Multi-Unit Franchisee shall divulge such confidential information only to those employees who must have access to such confidential information in order to assist Multi-Unit Franchisee in the operation of its business. Any and all information, knowledge, know-how, and techniques which IHA designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Multi-Unit Franchisee can demonstrate came to its attention prior to disclosure thereof by IHA or which becomes a part of the public domain, through publication or communication by others, who by that communication are not breaching any obligation of confidentiality to Multi-Unit Franchisee or IHA.

B Multi-Unit Franchisee acknowledges that the provisions of this Section 13 are and have been a primary inducement to IHA to enter into this Agreement and that any failure to comply with the requirements of Section 13 A may cause IHA irreparable injury without any adequate remedy at law, and, that IHA shall be entitled to all court costs and reasonable attorneys' fees incurred in obtaining specific performance of the covenants contained in Section 13 A or an injunction against any violation of the requirements of Section 13 A of this Agreement.

C At IHA's request, Multi-Unit Franchisee shall require any or all of Multi-Unit Franchisee's managers and personnel who may have access to confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Multi-Unit Franchisee. Such covenants shall be in a form

satisfactory to IHA, which may include, without limitation, specific identification of IHA as a third party beneficiary of such covenants with the independent right to enforce them.

14 **Insurance**

A Multi-Unit Franchisee shall procure and maintain in full force and effect during the Term of this Agreement, at Multi-Unit Franchisee's expense, an insurance policy or policies protecting Multi-Unit Franchisee and IHA, and IHA's respective officers, directors, partners, and employees, against any claims for loss, liability, personal injury, death, property damage, or any expense whatsoever arising out of or occurring upon or in connection with Multi-Unit Franchisee's business. Such policy or policies shall be written by an insurance company satisfactory to IHA in accordance with IHA's then current standards and specifications for insurance coverage, including minimum policy limits of coverage. IHA's current insurance requirements are set forth in Exhibit D.

B Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Multi-Unit Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment therefor to IHA, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to IHA. Should Multi-Unit Franchisee, for any reason, fail to procure or maintain any insurance required by this Agreement, as such requirements may be revised from time to time by IHA in writing, IHA shall have the right and authority (without, however, any obligation), immediately to procure such insurance and to charge the same to Multi-Unit Franchisee.

15 **Independent Contractor and Indemnification**

A It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Multi-Unit Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

B Multi-Unit Franchisee shall hold itself out to the public as an independent contractor. Multi-Unit Franchisee agrees to take such affirmative action as may be necessary to do so, including without limitation, exhibiting a notice of that fact on business cards, promotional materials and other materials used by Multi-Unit Franchisee in its business, the content of which IHA reserves the right to specify.

C It is understood and agreed that nothing in this Agreement authorizes Multi-Unit Franchisee to make any contract, agreement, warranty, or representation on IHA's behalf, or to incur any debt or other obligation in IHA's name and, that IHA shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Multi-Unit Franchisee in the conduct of its business or any claim or judgment arising therefrom against IHA.

D Multi-Unit Franchisee hereby agrees to indemnify and save IHA, its affiliates, and its and their respective owners, directors, officers, employees, and agents ("**Indemnitees**") harmless from and reimburse the Indemnitees for any and all liabilities, losses, suits, claims, demands, costs, fines, taxes, losses (including legal fees and costs) and actions of any kind or nature whatsoever to which they shall or may become liable for or suffer (i) by reason of any breach, violation or non-performance on the part of Multi-Unit Franchisee or any of Multi-Unit Franchisee's affiliates, owners, directors, officers, employees and agents of any term or condition of this Agreement, or (ii) by reason of the operation by Multi-Unit Franchisee of the business contemplated by this Agreement IHA has the right to defend any such claim The terms of this Section 15 D shall survive the termination, expiration or transfer of this Agreement or any interest herein

16 **Approvals and Waivers**

A Whenever this Agreement requires the prior approval or consent of IHA, Multi-Unit Franchisee shall make a timely written request to IHA, and such approval or consent shall be obtained in writing

B IHA makes no warranties or guarantees upon which Multi-Unit Franchisee may rely, and assumes no liability or obligation to Multi-Unit Franchisee, by providing any waiver, approval, consent, or suggestion to Multi-Unit Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore

C No delay, waiver, omission, or forbearance on the part of IHA to exercise any right, duty, or power arising out of any breach or default by Multi-Unit Franchisee, or by any other franchisee, of any of the terms, provisions, or covenants hereof, shall constitute a waiver by IHA to enforce any such right, option, or power against Multi-Unit Franchisee, or as to subsequent breach or default by Multi-Unit Franchisee Subsequent acceptance by IHA of any payments due to it hereunder shall not be deemed to be a waiver by IHA of any preceding breach by Multi-Unit Franchisee of any terms, covenants, or conditions of this Agreement

17 **Notices** All written notices permitted or required by the provisions of this Agreement shall be deemed delivered (i) one (1) business day after transmission by facsimile, telecopy or other electronic system (evidenced by a machine generated receipt), (ii) one (1) business day after being placed in the hands of a commercial courier service for guaranteed next-day delivery, or (iii) five (5) business days after mailing, proper postage prepaid, by Registered or Certified Mail (or the equivalent), Return Receipt Requested Any notice to any party must be sent to the address specified on the first page of this Agreement, although IHA may change this address for notice by giving Multi-Unit Franchisee written notice of the new address Multi-Unit Franchisee may change the address for notice only by giving IHA fifteen (15) days' prior notice by any of the means specified in subparagraphs (i) through (iii) above

18 **Entire Agreement** This Agreement, the documents referred to herein, and the Exhibits hereto, constitute the entire, full, and complete understanding and agreement between the parties concerning the subject matter hereof, and supersede any and all prior agreements between the parties Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Multi-Unit Franchisee to waive reliance on any representation that IHA made in the most

recent franchise disclosure document (including its exhibits and amendments) that IHA has delivered to Multi-Unit Franchisee. No amendment, change, or variance from this Agreement shall be binding on the parties unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing. No purported amendment, change or variance from the printed form of this Agreement shall be binding unless initialed by all parties hereto.

19 Severability and Construction

A Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and, the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if IHA determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, IHA may, at its option, terminate this Agreement.

B Notwithstanding anything to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than IHA, Multi-Unit Franchisee, their officers, directors, members, managers, partners and such of their respective successors and assigns as may be contemplated by Section 9 of this Agreement, any rights or remedies under or by reason of this Agreement.

C All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

D All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Multi-Unit Franchisee shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Multi-Unit Franchisee.

E This Agreement takes effect upon its acceptance and execution by IHA.

20 Applicable Law and Dispute Resolution

A All issues relating to arbitration by IHA and Multi-Unit Franchisee shall be governed by the Federal Arbitration Act (the "FAA"). Except to the extent governed by the FAA, this Agreement, and the relationship between IHA and Multi-Unit Franchisee shall be governed by and construed in accordance with the laws of the State of Florida (without regard to its conflict of law principles).

B All controversies, disputes or claims between IHA, its affiliates (and their respective shareholders, officers, directors, agents and employees) and Multi-Unit Franchisee (and its affiliates and their respective shareholders, officers, directors, agents and employees) arising out of or related to this Agreement or the relationship of the parties hereto shall be submitted for arbitration to the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in the city in which IHA then maintains its principal place of business and shall be heard by one arbitrator, and except as this Section otherwise provides, in accordance with the then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have no authority to select a different hearing locale. The arbitrator shall have the right to award or include in the award any relief which the arbitrator deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Nothing herein shall prevent either party from applying to and obtaining a writ of attachment, temporary or preliminary injunction or other equitable relief from a court of competent jurisdiction, if necessary to preserve the status quo pending arbitration.

C With respect to any controversies, disputes or claims which are not subject to arbitration above, the parties irrevocably submit themselves to the jurisdiction of the state courts in the state in which IHA then maintains its principal place of business and the federal district courts for such state and hereby waive all objections of personal jurisdiction for the purpose of carrying out this provision.

D No right or remedy conferred upon or reserved to IHA or Multi-Unit Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. Notwithstanding any other provision of this Agreement, nothing herein contained shall bar IHA's right to seek injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for seeking restraining orders and preliminary injunctions.

E In any arbitration or litigation brought or conducted hereunder, the prevailing party shall recover its reasonable costs and expenses, including attorneys' fees incurred with respect to the dispute.

F Multi-Unit Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other similar damages (including, without limitation, loss of profits) against IHA, its affiliates, and their respective officers, directors, shareholders, partners, members, agents, and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Multi-Unit Franchisee shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by

agreement of punitive, exemplary, incidental, indirect, special, consequential or other similar damages (including, without limitation, loss of profits) shall continue in full force and effect

G In any litigation between the parties founded upon or arising from this Agreement which are not subject to arbitration above, the parties hereby waive their respective rights to a jury trial and the parties hereby stipulate that any such trial shall occur without a jury

21 Acknowledgments

A Multi-Unit Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Multi-Unit Franchisee as an independent business owner IHA expressly disclaims the making of, and Multi-Unit Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement

B Multi-Unit Franchisee acknowledges that it has read and understood this Agreement, the Exhibits hereto, and agreements relating hereto, if any and, that IHA has accorded Multi-Unit Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement

C Multi-Unit Franchisee acknowledges having received a complete copy of this Agreement and all related attachments and Exhibits and a complete copy of IHA's franchise disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C F R Part 436) within the time period required by applicable law before Multi-Unit Franchisee executed this Agreement or paid any consideration to IHA Multi-Unit Franchisee acknowledges that it did not rely on any promises, representations or agreements about IHA's business not expressly contained in this Agreement or IHA's franchise disclosure document in making its decision to sign this Agreement Multi-Unit Franchisee acknowledges that IHA and its representatives have not made any promises, representations or agreements, oral or written, except as expressly contained in this Agreement and the franchise disclosure document Multi-Unit Franchisee further acknowledges that Multi-Unit Franchisee has read this Agreement and IHA's franchise disclosure document and that Multi-Unit Franchisee understands the terms of this Agreement and accepts them as being reasonably necessary for IHA to protect the goodwill of the Marks and the integrity of IHA's business Nothing in this Agreement will disclaim or require Multi-Unit Franchisee to waive reliance on any representation in the franchise disclosure document (including its exhibits and attachments) that IHA delivered to Multi-Unit Franchisee or its representative

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written

IHA FRANCHISING, LLC, a Delaware
limited liability company

By _____

Name (printed) _____

Title _____

MULTI-UNIT FRANCHISEE:

By _____

Name (printed) _____

Title _____

EXHIBIT A

ZONE

The “Zone” consists of the following geographical area

EXHIBIT B
DEVELOPMENT SCHEDULE

B-1

Initials__

EXHIBIT C

STATEMENT OF OWNERSHIP INTERESTS

The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Multi-Unit Franchisee, and a description of the nature of their interest

EXHIBIT D
INSURANCE REQUIREMENTS

Insurance Requirements

The Agent, at its own expense, shall purchase and maintain in full force and effect, such insurance on an occurrence form (unless otherwise noted below) with a company or companies lawfully authorized to do business in the jurisdiction in which the agent is located/operating and have a general policy holder rating of "A" or better as rated by AM Best, insurance policies as outlined below. Such policies shall protect the Company from claims, which may arise out of or result from the Agent's (or anyone directly or indirectly employed by the Agent) operation's performed under the Contract. The Agent shall be required to provide Certificates of Insurance, and upon demand, any policy or endorsement, evidencing the following coverage

Commercial General Liability (CGL)

Limits. \$1,000,000 each occurrence

\$2,000,000 general aggregate limit

\$2,000,000 products/completed operations aggregate limit

\$1,000,000 personal injury/advertising injury limit

Coverage.

Insurance coverage should be in force and maintained on a coverage form no less restrictive than the latest edition of the Commercial General Liability policy filed by the Insurance Service Office "ISO"

Requirements

- 1 IHA Franchising, LLC and its subsidiaries and assigns are to be listed as an additional insured (or blanket additional insured as required by written contract)
- 2 Insurance must contain primary and non-contributory wording
- 3 Waiver of Subrogation with respect to General Liability
- 4 Per location coverage

Worker's Compensation and Employer's Liability Coverage

Limits. Coverage A (Workers Compensation) – statutory

Coverage B (Employer's Liability) - \$500,000 per accident or disease (or sufficient to meet Umbrella requirements)

Coverage.

If applicable, statutory coverage for United States Longshoreman and Harbor Workers, and the Jones Act

Requirements:

Waiver of subrogation with respect to Worker's Compensation

Comprehensive Automobile Liability

Limits \$1,000,000 Combined Single Limit (CSL) for Bodily Injury and Property Damage

Coverage. Coverage to include owned, non-owned and hired vehicles, including the loading and unloading thereof

Requirements:

Waiver of subrogation with respect to Auto Liability

In the event the Agent does not own any automobiles in the corporate name, non-owned vehicle coverage shall apply and must be endorsed onto the agent's personal auto policy or the CGL coverage

Excess Liability Umbrella Coverage:

The umbrella policies shall contain a minimum \$2,000,000 per occurrence and \$2,000,000 aggregate limit with coverage at least as broad as primary underlying insurance, covering all work performed by the agent under this contract

Additional Insured status must be provided on Umbrella as well

EXHIBIT D

OPERATING MANUAL TABLE OF CONTENTS

Exhibit D

OPERATING MANUAL

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EXHIBIT E
TERMS AND CONDITIONS

Exhibit E

ICE HOUSE AMERICA, L.L.C. TERMS AND CONDITIONS

1 GENERAL The sale of Ice House America, LLC (IHA) Ice Vending Machines and Huts and services is subject to the following terms and conditions, and to any additional terms and conditions (not in conflict with the following terms and conditions) to which IHA expressly agrees in writing. IHA specifically objects to and rejects any contrary terms and conditions contained in any purchase order for IHA Ice Vending Machines and Huts and services. No acknowledgment of a purchase order waives the following terms and conditions unless signed by an executive officer of IHA. The provisions of this section and the following terms and conditions shall constitute a part of any contract for the sale of IHA Ice Vending Machines and Huts and services. These Terms and Conditions may be superseded or revised by IHA with notice to Owner-Operator and any revised Terms and Conditions shall be binding on Owner-Operator by its purchase of products from IHA.

2 DELIVERY AND RISK OF LOSS Delivery shall occur ten (10) days after Manufacturer's completion date, or upon pick-up, whichever occurs first. By "completion date" is meant Manufacturer's estimated completion date or actual completion, whichever occurs later. All deliveries are f o b Moultrie, Georgia, or such other place from which IHA Ice Vending Machines and Huts are shipped. All Risk of Ownership, including but not limited to, damage to, or loss or destruction of, the Ice Vending Machines and Huts passes to Owner-Operator upon Delivery. Manufacturer reserves the right to transfer the Ice Vending Machines and Huts in a single shipment or in installments. In no event shall any Ice Vending Machine and/or Hut ship unless paid in full. Owner-Operator shall keep the Ice Vending Machines and Huts insured against all risks of loss or damage by fire and such other risks as are covered by endorsement commonly known as supplemental or extended coverage beginning on the 10th day after Manufacturer's completion date or upon pick-up for transport, whichever comes first, and during shipment through set-up regardless of when shipped. In addition, the Owner-Operator is responsible for carrying public liability and property damage insurance covering the equipment that it owns and its business in an amount of not less than \$1,000,000 per occurrence and covering Owner-Operator's indemnity obligations under the Agreement. The Owner-Operator's policy shall remain in force throughout the Term of the Agreement, or so long as the machine is in operation. All policies shall name IHA as an additional insured and shall be written by companies reasonably acceptable to IHA. Owner-Operator shall furnish to IHA at least annually (and more frequently as reasonably requested) certificates evidencing Owner-Operator's insurance coverage satisfying the terms hereof.

3 PRICING AND TERMS All prices are in U S dollars and are F O B. Terms are CIA unless written credit terms are established between IHA and the Owner-Operator. Orders for IHA Ice Vending Machines and Huts received and acknowledged will be entitled to pricing per IHA's bonafide retail price list in effect on the date the order is received. Reasonable requests for extended completion dates will be granted in IHA's discretion, provided, however, that Owner-Operator shall be responsible to pay any price increases with respect to such Ice Vending Machine and Huts that may occur between (a) the

normal quoted completion date and (b) the extended completion date, unless the parties expressly agree otherwise in writing

4 DEFAULT In the event Owner-Operator fails to take possession of any Ice Vending Machine or Hut within 120 days of completion, or other default, IHA at its discretion and option shall be entitled to consider the product abandoned and retain all money paid for the machine by Owner-Operator as liquidated damages. Waiver by IHA of any breach or default shall not constitute a waiver of any subsequent breach or default

5 INSPECTIONS Owner-Operator shall have the right to inspect IHA's Ice Vending Machines and Huts prior to shipment, and will also have the right to inspect the Ice Vending Machines and Huts within ten (10) days after their arrival at receiving point. Failure to make inspection, and to provide IHA with written or facsimile notice specifying any claimed basis for rejection, within that time, will constitute acceptance of the Ice Vending Machines and Huts and, if the Owner-Operator has established credit terms, a final waiver of any right to make any inspection prior to payment for the Ice Vending Machines and Huts. If Owner-Operator exercises the right to inspect the Ice Vending Machines and Huts prior to shipment, IHA will provide reasonable facilities and assistance for the safety and convenience of the inspectors, such inspection will be deemed preliminary only, and all such Ice Vending Machines and Huts so inspected will be subject to Owner-Operator's right to final inspection at receiving point as specified above

6 LIMITED WARRANTIES

(a) **Encumbrances** IHA warrants that IHA Ice Vending Machines and Huts will be delivered free from any security interest, lien, or encumbrance EXCEPTING such liens against the Ice Vending Machines and Huts as security for payment for the Ice Vending Machines and Huts by the Owner-Operator, if credit terms have been established

(b) **Freedom from Defects.** IHA Ice Vending Machine and Huts, when properly installed and maintained according to the Manufacturer's recommendations, are warranted to be free from defects in material and workmanship for a period of one year from the time of shipment provided, however, that the Manufacturer's completion date and the shipment date are no longer than 60 days apart. In the event the house is shipped later than 60 days after completion, the warranty period will commence on the 60th day after completion (the "Warranty Period")

(c) **Remedy for Defects in IHA Assemblies** During the Warranty Period, the warranty covers the cost of material and labor for replacement or repair to an IHA assembly or sub assembly fabricated by IHA. However, IHA reserves the right to refund Owner-Operators's documented costs of in-warranty repair, in lieu of Manufacturer's repairing or replacing of the assembly-under-warranty, but in no case shall the refund exceed the costs IHA would have incurred if it had installed the component

(d) **Remedy for Defects in Third Party Parts.** Where applicable, IHA will provide replacement parts for items, under warranty, that have been provided by a third party vendor. Such warranty service will be in accordance with such third party vendor's warranty policies. IHA does not provide labor or pay for labor costs in these cases and IHA is not required to legally pursue the vendor.

(e) **Limitations Concerning Product Treatment.** This limited warranty does not apply to Ice Vending Machine or Hut components that have been subjected to abnormal or unusual conditions such as unauthorized modifications, unauthorized repairs, misuse, neglect, accident, alteration, improper installation, (unless such installation is by IHA) or other acts which IHA has not authorized, including damage caused in shipping/transportation.

(f) **Limitations Concerning Other External Events.** This limited warranty also does not apply to any product that has been damaged by external causes, such as fire, flood, sand, dirt, lightning, acts of God, theft, and improper use of any electrical source or connection to a product not recommended.

(g) **Requirement for Proper Warranty Claim.** Every claim under this warranty must meet the following two additional criteria: the claim (a) must concern a defect discovered before expiration of the Warranty Period, and (b) must be made in writing and delivered to IHA within thirty (30) days of the date of such discovery. A claim that does not meet all applicable criteria will not trigger IHA's warranty obligations under this Section 5. IHA must be given an opportunity to inspect the Ice Vending Machine and Hut component alleged to be defective in order to determine if the handling, installation, and operating conditions have been satisfactory, and otherwise to determine whether the claim falls within this warranty.

7 RETURNS/LIMITED REMEDIES IHA Ice Vending Machines and Huts, which are nonconforming, may be returned, at Manufacturer's expense, for full credit or replacement, at Owner Operator's option, provided, however, that no IHA Ice Vending Machines and Huts may be returned without prior written authorization by IHA. All freight charges on a replacement Ice Vending Machine or Hut shall be prepaid at the Manufacturer's expense. IHA shall have no liability for Ice Vending Machines and Huts damaged in shipment. **THIS SECTION STATES THE SOLE AND EXCLUSIVE REMEDIES FOR BREACH OF WARRANTY.**

8 LIMITATION OF LIABILITY TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE MAXIMUM LIABILITY, IF ANY, OF IHA FOR ALL DAMAGES, INCLUDING, WITHOUT LIMITATION, CONTRACT DAMAGES AND DAMAGES TO PERSONS OR PROPERTY, WHETHER ARISING FROM IHA'S BREACH OF THESE TERMS AND CONDITIONS, NEGLIGENCE, STRICT LIABILITY, OR OTHER TORT, WITH RESPECT TO IHA ICE VENDING MACHINES AND HUTS OR ANY PARTS OR SERVICE PROVIDED BY IHA, IS HEREBY EXPRESSLY LIMITED TO AN AMOUNT NOT TO EXCEED THE PURCHASE PRICE OF THE INVOLVED IHA ICE VENDING MACHINE AND/OR HUT. IN NO EVENT SHALL IHA BE

LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST REVENUES AND PROFITS, EVEN IF IHA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES

9 FORCE MAJEURE Either party shall not be liable to the other for any delay or inability to provide Owner-Operator with IHA Ice Vending Machines and Huts due to fire, windstorm, flood, or act of god, governmental order or regulation, or labor difficulties

10 GOVERNING LAW Any and all disputes between IHA and Owner-Operator relating to the sale of IHA Ice Vending Machines and Huts and services are governed by the laws of the state of Florida, without regard to conflict of laws principals

EXHIBIT F

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Exhibit F

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws

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 the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed

CALIFORNIA

Commissioner of the Department
of Business Oversight
Toll Free 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Rm 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P O Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

EXHIBIT G

SMARTICE REMOTE MANAGEMENT SYSTEM TERMS AND CONDITIONS

Exhibit G

REMOTE MANAGEMENT SYSTEM AND SERVICE TERMS AND CONDITIONS

You are signing up for a service that Ice House America ("IHA") makes available to you on a fee-paid basis pursuant to these Terms and Conditions. The services include notifications of maintenance issues, access to the collected data on Owner-Operator's Ice Machines and reports that help Owner-Operators manage and maximize the profitability of their Ice Machines. To help improve the end-user experience and the profitability of these ice machines, IHA collects and analyzes data on the operation and use of the machines and makes available certain data reports to the Owner-Operators of the machines. As a purchaser of such an ice machine (the "Ice Machine"), You will be a participant in the IHA remote management system program, with the rights, obligations and responsibilities with respect to such program described herein.

- 1 REMOTE MANAGEMENT SYSTEM Program. Owner-Operator acknowledges and agrees that a device providing remote management services and data collection is installed in each Ice Machine and that, when Owner-Operator provides electrical power to the Ice Machine, the device will automatically collect and transmit to IHA certain data on the operation and use of the Ice Machine, which may include, without limitation: (a) the condition of the Ice Machine, including the status of any required maintenance or repair, and (b) the usage of the Ice Machine, including (1) the location of the Ice Machine and the demographic characteristics of the surrounding area, (2) the frequency, volume and timing of purchases, (3) whether purchases are cash, debit or credit, (4) whether purchasers use other remote payment devices such as smart phones and (5) any available information on the characteristics and purchase history of individual purchasers.
- 2 Use of Collected Data. IHA may use the collected data internally to analyze and manage the use, and to assess the condition, of the ice machines produced and sold by IHA. IHA may aggregate the information and data collected from the Ice Machine with other data that it collects ("Aggregate Data"), to identify trends and patterns of usage. IHA may disclose only Aggregate Data to third parties, ***and IHA will not disclose any of the data that it collects from the Ice Machine to any third party in a manner that would associate the identity of the Ice Machine with the data that was collected from it.*** Should IHA collect any personally identifiable information, it will comply with all applicable federal and state laws governing the collection, storage and use of that information to guard your nonpublic personal information. **WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL AND/OR FINANCIAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE OTHER**

THAN IN ACCORDANCE WITH THIS AGREEMENT, OR AS MAY BE COMPELLED BY LAW

- 3 **Service Effective Date and Term** Unless as otherwise agreed to in writing by IHA, all Services ("Service") shall be provided for the Term indicated on your Order. Such Term shall commence when Service is made available to Owner-Operator and shall continue until the expiration of the Term or the Service is otherwise terminated as set forth herein, whichever comes first. At expiration of the initial Term, the rates, charges, term and conditions in effect at the end of the expiring Term will automatically renew on a year to year basis. Discontinuance will require Owner-Operator to submit written notice to IHA thirty (30) days prior to the renewal term. Note: Owner-Operator will continue to be a participant in the IHA remote management system program, with the rights, obligations and responsibilities with respect to such program described above.
- 4 **Billing and Payment Terms** Payment for remote management system service will be paid by credit card.
- 5 **Limitation of Liability** IHA may discontinue Service to Owner-Operator, without incurring any liability, immediately and without notice if IHA deems, in its sole discretion, that such action is necessary to prevent or protect against fraud, tricks, tampering, or any other fraudulent means or devices. Owner-Operator agrees that IHA, its directors, officers, employees, and agents shall not be liable for any loss or damage sustained by Owner-Operator, its customers or end users, due to any failure in or a breakdown of the communication facilities associated with providing the Service, any delay, interruption, or degradation of the Services, whatsoever shall be the cause or duration thereof. Except as specifically set forth herein, the Service and related software and/or equipment provided by IHA, if any, are provided as an "as is" basis and "as available" basis. IHA makes no representations or warranties of any kind, whatsoever, including any implied warranties of merchantability or fitness for a particular purpose. IHA disclaims any warranties of non-infringement with respect to the products or services and neither IHA nor any IHA affiliate or parent shall have any duty to defend, indemnify or hold Owner-Operator harmless from and against any or all damages or costs incurred by Owner-Operator arising from the infringement of patent or trademarks or violation of copyrights by any of the products.

IN NO EVENT SHALL IHA, INCLUDING BUT NOT LIMITED TO, ITS SUBSIDIARIES, AFFILIATES OR PARENTS, BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR FOR ANY LOST REVENUE, PROFIT, CUSTOMERS, LOSS OF THE GOODS OR ANY ASSOCIATED EQUIPMENT,

COST OF CAPITAL, COST OF SUBSTITUTE OR REPLACEMENT EQUIPMENT, FACILITIES OR SERVICES, DOWN TIME, OWNER-OPERATOR'S TIME, INJURY TO PROPERTY OR ANY DAMAGES OR SUMS PAID BY OWNER-OPERATOR TO THIRD PARTIES, EVEN IF IHA OR ANY OF THE IHA AFFILIATES OR PARENTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES

- 6 Equipment The parties agree that the remote management system equipment and related software contain the intellectual property of IHA. Owner-Operator shall not, and shall not permit others to, rearrange, disconnect, disable, attempt to repair, reverse engineer or otherwise tamper with the equipment and related software without the prior written consent of IHA. Owner-Operator agrees (which Agreement shall survive the expiration or termination of any Term), to allow IHA full and complete access to remove the equipment in the event IHA becomes aware of a violation of this subsection.
- 7 Termination In the event the Term of the Services is for one year or more, and Owner-Operator terminates the Services prior to expiration of the Term, Owner-Operator will be responsible 50% of the monthly fees which would have been owed under the remaining balance of the Service Term. It is agreed that the terms of this paragraph are intended as liquidated damages and not as a penalty in the event of early termination.
- 8 Cancellation IHA may discontinue Service or cancel an application for service, without incurring any liability, for any of the following reasons: (a) non-payment when due of any sum payable to IHA for Service, (b) if, in the sole discretion of IHA, Owner-Operator's financial condition has deteriorated or if Owner-Operator is involved in a bankruptcy or similar proceeding, (c) fraudulent use of the Service, (d) Owner-Operator, or any successor-in-interest, relocates the ice vending machine in which the equipment is placed in violation of any applicable agreement, (e) any default or violation of these Terms and Conditions.
- 9 No Assignment, Entire Understanding Owner-Operator may not assign, resell, sublicense or transfer any interest in the Service without IHA's written consent, which may be withheld in IHA's sole discretion. These Terms and Conditions shall be binding upon and inure to the benefit of the parties hereto and their respective affiliates, successors and permitted assigns. These Terms and Conditions constitute the entire Agreement and understanding between Owner-Operator and IHA as to the subject matter hereof. These Terms and Conditions may be supplemented or amended by IHA at any time and effective immediately upon notice to Owner-Operator, provided, however, that the fees for Service shall not be increased during any term.
- 10 Choice of law, Venue These Terms and Conditions shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to conflicts of laws.

principals Any action commenced hereunder, or relating to any way to the subject of this Agreement or the terms hereof, shall be resolved exclusively by arbitration in accordance with the Rules of the American Arbitration Association in Jacksonville, Florida If a dispute arises and IHA refers this Agreement to an attorney or agency for collection, Owner-Operator shall pay all costs of investigation, enforcement and collection, including interest, court and arbitration costs, fees and attorney's fees

Revised 10/2012

EXHIBIT G-1

ePORT® CONNECT SERVICES AGREEMENT AND ACTIVATION CONSENT FORM

Exhibit G-1



ePORT® CONNECT SERVICES AGREEMENT

Ice House America/IHA Franchising, LLC & Affiliates

Customer/Company Name _____ ("Customer")

1 Parties—USA Technologies, Inc (USAT), per the effective date herein, hereby agrees to provide to ("Customer") cashless financial services utilizing the USAT processing network in connection with the Customer's unattended vending or kiosk machines ("Equipment")

2 Cashless Transaction Processing & Associated Fees—USAT shall act as and is hereby appointed the agent on behalf of Customer in connection with the processing of all card transactions (authorized and settled) by the payment processor or other private network in connection with the Customer's Equipment. USAT shall retain a processing fee consisting of a percentage or a processing fee of a percentage + a set dollar amount per transaction of the gross sales price, for all card revenues derived from the Equipment. All processing fees charged to Customer, as selected by Customer, are predicated upon processor or private network authorized and settled transactions, and *not* from third party controllers providing DEX data or other forms of M2M data. See *Schedule A — Fees*. The net revenues (gross revenues less refunds, transaction processing fees, any consumer refund and/or chargeback fees from the card processor and/or fraudulent transactions or any other fee due to USAT hereunder) shall be remitted to Customer by USAT.

3 PrePaid Card Programs—Additional transaction and service fees may apply for the implementation and use of prepaid cards on the USAT network. The net revenues (gross revenues less refunds, prepaid transaction processing fees, any consumer chargeback and/or chargeback fees and/or fraudulent transactions or any other fee due to USAT hereunder) shall be remitted to Customer by USAT.

4 Network & Services Fees—The Customer shall pay to USAT a monthly fee per activated device or system connected to the USAT processing network for Wireless or Ethernet communications, web-based cashless transaction reporting, financial/accounting transaction services, and customer support services. See *Schedule A—Fees*. If optional M2M data transport such as CASH or DEX exceeds the monthly kilobytes within the stated price plans, Customer will be automatically moved to the next wireless data plan.

5 Seasonal Equipment—If the Customer's business (whole or in part) is of a seasonal nature whereby the Equipment will not be in use for at least four consecutive months, the Customer may elect to deactivate some or all affected Equipment for that time period. The monthly network fee may be adjusted for each seasonally designated cashless device or system connected to the USAT processing network. See *Schedule A—Fees*. The Customer will receive a one-time adjusted payment (credit) at the time of reactivation of the seasonally affected Equipment during the following month remittance to Customer by USAT.

6 Registration and Fees—USAT will charge Customer at the time of shipment or at time of transfer of ownership to Customer. USAT will include on the invoice, an initial fee to register each device or system installed and linked to the USAT processing network. See *Schedule A—Fees*. This may include but is not limited to the registration of a SIM card required to establish wireless communications or an Ethernet connection, in addition to administrative



setup for Customer to receive weekly EFT payments, Merchant ID assignment, and access to USALive web reporting

7 UnRegistration, ReRegistration, and Fees—The Customer may choose to unregister the SIM card or system, which stops all communications with the USAT processing network, at no charge. However, if the customer decides to re-register a SIM card or system, a re-registration fee is required. *See Schedule A—Fees*

8 Device Default Settings—All ePorts will be shipped to Customer with the following device default settings: (a) Single-Vend – ON, (b) Multi-Vend – OFF, (c) Cash – ON, (d) DEX – OFF and (e) Pre-authorization amount – **\$1 50**, and maximum purchase amount per Pre-authorization – **\$10 00**

9 SIM Cards—All SIM cards remain the property of USAT and must be returned to USAT upon termination of this services agreement for any reason

10 Device Location Assignment—After the Wireless or Ethernet card acceptance device is installed into Customer's Equipment, Customer should use USALive to update the device location for proper identification. USALive has the ability to accept a spreadsheet using the Mass Update function or individually update each ePort device installed in the field. If this function is performed by USA Technologies a fee may be applied for each device updated. Improper location assignment could result in higher chargeback activity.

11 Pre-Authorization—Customer agrees for all cashless transactions, every card will be submitted to the card processor for card validation and transaction authorization.

12 Settlement—Customer agrees that for any transaction during the settlement process that is subsequently declined by the card processor for non-sufficient funds (NSF) or other reasons, the risk of the associated loss of vended product, settlement funds and transaction fee for that transaction shall be assumed by the Customer.

13 Proprietary Software—Customer acknowledges and agrees that the computer programs, computer software, specifications, data, images, designs, codes, configurations, ("Software") contained in or utilized by the Equipment and USAT's USALive® network are proprietary and confidential to USAT and protected under United States copyright law. Customer shall not copy, modify, adopt, translate, merge, reverse engineer, decompile, or disassemble, the equipment or Software, or create any derivative works based on the Equipment, USALive® network or Software.

14 Term—The term of this Agreement shall be for a period of thirty-six (36) months effective on the effective date of this agreement. The Agreement will automatically renew for one (1) year, unless thirty (30) day written notice has been provided to USAT by Customer.

15 Termination—Customer may choose to terminate its USAT ePort Connect Services agreement on all of its Customer-owned equipment with a written thirty (30) day notice. **The termination of this Agreement by the Customer shall not affect any equipment LEASE agreement relating to an e-Port between Customer and USAT which shall remain in full force and effect in accordance with the terms provided within the LEASE agreement.**

16 Availability of Service—Customer acknowledges that USAT relies on third-party providers in the delivery of its services, including, but not limited to, wireless data network providers, cellular radio service provided by third parties that is available only when within the operating range of cellular systems, and cellular service is subject to



transmissions limitations and dropped or interrupted transmissions. Cellular service may be temporarily refused, limited, interrupted, or curtailed because of government regulations or orders, atmospheric and/or topographical conditions, and cellular system modifications, repairs, and upgrades. Customer agrees that USAT shall not be liable for, and to hold USAT harmless for any losses, damages, or business interruptions sustained as a result of interruptions caused by its wireless data network providers or any other third-party provider.

17 No Consequential Damages—In no event shall USAT be liable for any punitive, incidental, or consequential damages or any damages for loss of profits, business interruption, loss of information, or pecuniary loss, even if such party has been advised of the possibility of such damages.

18 Indemnification—Each party shall indemnify and hold harmless the other party, its officers, directors, agents, and employees from and against any and all claims, demands, causes of action, obligations, liabilities, expense (including reasonable attorney's fees), damages, or suits whatsoever, in connection with, arising out of, or relating to, in whole or in part, any act or omission of the other party, including, but not limited to, the operation and management of the Equipment.

19 Validity—Should any part of this Agreement, for any reason, be declared invalid, then such portion shall be invalid only to the extent of the prohibition without invalidating or affecting the remaining provisions of the Current Customer and USAT Agreement. This agreement shall be constructed in accordance with the laws of the State of Pennsylvania exclusive of any conflicts of law principles.



Schedule A—Fees

Average Card Purchase Amount	US Blended Rate/Fee	Canada Blended Rate/Fee	Customer Selection
Average Card Purchase \$0.50–\$0.99	5.95%	5.95%	
Average Card Purchase \$1.00–\$1.99	5.45%	5.45%	
Average Card Purchase \$2.00–\$2.99	5.10%	5.10%	
Average Card Purchase \$3.00–\$3.99	4.10%	4.10%	
Average Card Purchase \$4.00–\$4.99	3.50%	3.50%	
Average Card Purchase \$5.00–\$5.99	3.20%	3.20%	

Please initial in the last column the corresponding rate for an average card transaction on your merchant account
 *** Please initial only a single rate **

- *1 If the semi-annual Card Associations Interchange or Processor fee increases are in excess of the stated processing fees above, with a 30-day written notice USAT has the right to increase rates and pass through to Customer
- 2 The transaction processing rates are predicated upon the indicated average card purchase amount and upon 30-days of initial transaction processing, the average card purchase price and rate will be reviewed
- 3 Customer agrees that if the average card purchase amount is above or below the customer selected average purchase amount, then USAT may adjust the rate according to the schedule provided upon written notice

Activation Fees	US Dollars	Canadian Dollars
Registration/Activation Fee per Device or System— Cashless <i>Fee is billed by separate invoice at the time of shipment of devices</i>	\$25.00	\$20.00
Registration/Activation Fee per Device or System – DEX Only <i>Fee is billed by separate invoice at the time of shipment of devices</i>	\$10.00	\$10.00
Re-Registration Fee per Device or System	\$15.00	\$15.00
Chargeback Fees	US Dollars	Canadian Dollars
Consumer Chargeback Fee per item + Actual Transaction Amount	\$20.00	\$20.00



Network Data Service Plans	US Dollars	Canadian Dollars	INITIAL Your Monthly Service Option
USAT G8 Telemeter Only	\$3 95	\$12 95	
Cashless Only – Edge or G8	\$9 95	\$15 95	
Cashless and Cash – Edge or G8	\$9 95	\$15 95	
Cashless and DEX* - Edge or G8	\$9 95	\$15 95	
De-Activated (Seasonal) Devices	\$4 95	\$6 95	

INITIAL HERE

**DEX data transfers include up to two (2) DEX file transfers per day. Additional DEX data file transfers will be charged an additional fee.*

IN WITNESS WHEREOF, the parties hereto agreeing to be legally bound have executed this **AGREEMENT** by their duly authorized representatives the signatures of which are set forth below

Customer/Company _____

Service Provider USA Technologies, Inc.

Signature _____  _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Address _____

Address 100 Deerfield Lane, Suite 140

City, State & Zip _____

City, State & Zip Malvern, PA 19355

Phone _____

Phone 800-633-0340 Fax 610-989-0344

EMAIL _____

DATE _____

DATE _____ 



ICE HOUSE AMERICA

USA Technologies Activation Consent Form

Franchisee/Area Developer Name		
Company Name		Street Address
City	State	Postal Code
Phone	Fax	
E-mail		
Approved Vending Unit#		Street Address
City	State	Postal Code

Name of Financial Institution		Address	
City		State	Postal Code
Phone		Fax	
Contact Person		Email	
Account Type	Checking ☐	Savings ☐	Other ☐ Specify Type of Account
Routing Number		Account Number	

I, _____ hereby authorize, "IHA Franchising, LLC or affiliated entity (collectively "the Company"), to activate my USA Technologies ePort ® Connect Services. I understand the Company will initially create my username and password, and I subsequently will be able to change my password, provided, however, that I must continue to allow the Company access to my account. The Company will also be an additional user with access to USA Technologies for financial reporting purposes on my approved vending unit. I have attached the signed USA Technologies agreement, in which I have read and understand the terms and conditions of the agreement. I am liable for the payment due automatically to USA Technologies and I have attached a voided check for the appropriate account. This authorization is to remain full force and effect until I change it through USA technologies online website, or termination of the USA Technologies Service Agreement. I shall notify the Company of any or all changes with USA Technologies in writing with appropriate notice to give the Company a reasonable opportunity to act on it.

Franchisee/Area Developer Signature	Signature of IHA Financial Officer
Please print Franchisee/Area Developer Name	Please print name of IHA Financial Officer
Date	Date

EXHIBIT H

GENERAL RELEASE

Exhibit H

IHA FRANCHISING, LLC

GENERAL RELEASE

IHA Franchising, LLC ("IHA") and the undersigned _____, ("_____"), currently are parties to a certain _____ Agreement (the "Agreement") dated _____ has asked IHA to take the following action or to agree to the following request [insert as appropriate for renewal or transfer situation] _____

_____ IHA has the right under the Agreement to obtain a general release from _____ (and, if applicable, _____'s owners) as a condition of taking this action or agreeing to this request. Therefore, IHA is willing to take the action or agree to the request specified above if _____ (and, if applicable, _____'s owners) give IHA the release and covenant not to sue provided below in this document _____ (and, if applicable, _____'s owners) are willing to give IHA the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, _____, on _____'s own behalf and on behalf of _____'s successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge IHA and its current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "IHA Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that _____ and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the IHA Parties (1) arising out of or related to the IHA Parties' obligations under the Agreement or (2) otherwise arising from or related to _____'s and the other Releasing Parties' relationship, from the beginning of time to the date of _____'s signature below, with any of the IHA Parties _____, on _____'s own behalf and on behalf of the other Releasing Parties, further covenants not to sue any of the IHA Parties on any of the Claims released by this paragraph and represents that _____ have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

IHA also is entitled to a release and covenant not to sue from _____'s owners. By his, her, or their separate signatures below, _____'s owners likewise grant to IHA the release and covenant not to sue provided above.

IHA FRANCHISING, LLC

By _____
Title _____
Date _____

[Name of _____]

By _____
Title _____

Date _____

[Name of Owner]

[Signature]

Date

EXHIBIT I

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Exhibit I

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, IHA Franchising, LLC ("IHA") and you are preparing to enter into a Franchise Agreement for the operation of an IceBorn House or IceBorn Kiosk (each, an "IceBorn Machine") The purpose of this Questionnaire is to determine whether any statements or promises were made to you that IHA has not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question.

- 1 Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?
Yes ____ No ____
- 2 Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?
Yes ____ No ____

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

- 3 Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ____ No ____
- 4 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the revenues or profits of the IceBorn Machine that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document?
Yes ____ No ____

- 5 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the IceBorn Machine that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document?
Yes ____ No ____
- 6 Has any employee or other person speaking on behalf of IHA made any statement or promise regarding the amount of money you may earn in operating the IceBorn Machine that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document?
Yes ____ No ____
- 7 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the total amount of revenue the IceBorn Machine will generate that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document?
Yes ____ No ____
- 8 Has any employee or other person speaking on behalf of IHA made any statement or promise regarding the costs you may incur in operating the IceBorn Machine that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document?
Yes ____ No ____
- 9 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the IceBorn Machine?
Yes ____ No ____
- 10 If you have answered "Yes" to any of questions five (5) through nine (9), please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of such questions, please leave the following lines blank

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 responded truthfully to the above questions

APPLICANT

Date _____

EXHIBIT I-1

MULTI-UNIT FRANCHISEE DISCLOSURE QUESTIONNAIRE

Exhibit I-1

MULTI-UNIT FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, IHA Franchising, LLC ("IHA") and you are preparing to enter into a Multi-Unit Zone Franchise Agreement for the development of IceBorn Houses and/or IceBorn Kiosks (collectively, the "IceBorn Machines") The purpose of this Questionnaire is to determine whether any statements or promises were made to you that IHA has not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question.

- 1 Have you received and personally reviewed the Multi-Unit Zone Franchise Agreement and each exhibit attached to it?
Yes ____ No ____
- 2 Do you understand all of the information contained in the Multi-Unit Zone Franchise Agreement and each exhibit attached to it?
Yes ____ No ____

If "No", what parts of the Multi-Unit Zone Franchise Agreement do you not understand? (Attach additional pages, if necessary)

- 3 Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ____ No ____

- 4 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the revenues or profits of the IceBorn Machines or a Multi-Unit Franchisee business?
Yes ____ No ____
- 5 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the IceBorn Machines or a Multi-Unit Franchisee business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ____ No ____
- 6 Has any employee or other person speaking on behalf of IHA made any statement or promise regarding the amount of money you may earn in operating the IceBorn Machines or a Multi-Unit Franchisee business?
Yes ____ No ____
- 7 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the total amount of revenue the IceBorn Machines or a Multi-Unit Franchisee business will generate or a Multi-Unit Franchisee business?
Yes ____ No ____
- 8 Has any employee or other person speaking on behalf of IHA made any statement or promise regarding the costs you may incur in operating the IceBorn Machines or a Multi-Unit Franchisee business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ____ No ____
- 9 Has any employee or other person speaking on behalf of IHA made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the IceBorn Machines or a Multi-Unit Franchisee business?
Yes ____ No ____
- 10 If you have answered "Yes" to any of questions five (5) through nine (9), please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of such questions, please leave the following lines blank

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 responded truthfully to the above questions

APPLICANT

Date _____

EXHIBIT J

LIST OF FRANCHISEES AND MULTI-UNIT FRANCHISEES

Exhibit J

**LIST OF FRANCHISEES AND MULTI-UNIT FRANCHISEES
AS OF DECEMBER 31, 2018**

Franchisee Name	Owner	State	Business Phone	IceBorn Machine Location(s)
Dakota Ice	Gerry Hilzendeger & Scott Frey	AZ	701-226-2929	- 7 N 114 th Street, Apache Junction, AZ 85220 - 4755 E Main Street, Mesa, AZ 85205
Ice Buddy, LLC	Bud Frarer	AZ	602-421-2345	- 9505 E Apache Trail, Mesa, AZ 85208
West Valley Ice	Jacob Yanez	AZ	426-696-8720	- 8525 NW Grande Ave , Peoria, AZ 85345 - 18635 N 35th Ave , Phoenix, AZ 85308
BF Property Management	Nathan Foister & Valene Bucy	AZ	907-952-6335	- 5644 S 16th Street, Phoenix, AZ 85040
Ice Ice Tucson, LLC*	Joe Tooke	AZ	520-818-4132	- 944 West Prince Road, Tucson, AZ 85705 - 2524 S Wilmot Road, Tucson, AZ 85705 - Grant Ave & Swan Road, Tucson, AZ 85712 - 4145 W Inda Road, Tucson, AZ 85714 - 2021 N Grande Avenue, Tucson, AZ 85745 - 3660 E Benson Hwy, Tucson, AZ 85706 - 24 W Irvington Road, Tucson, AZ 85714 - 2770 W Valencia Road, Tucson, AZ 85746 - 8412 E Broadway, Tucson, AZ 85713 - 2209 S 6th Avenue, Tucson, AZ 85713
Pimlico Properties, LLC*	Jason Goldblatt, Brad Goldblatt & Howard Goldblatt	CA	925-719-2010	- 10990 14th Street, Armona CA 93202 - 100 Bear Mountain Blvd, Arvin, CA 93203 - 1201 Morning Drive, Bakersfield, CA 93306 - 2311 Cottonwood Road, Bakersfield, CA 93307 - 2601 Chester Avenue, Bakersfield, CA 93304 - 810 Oildale Drive, Bakersfield, CA 93308 - 3808 Stockdale Hwy , Bakersfield, CA 93309 - 5500 S Union, Bakersfield, CA 93307 - 714 Bernard Street, Bakersfield, CA 93305 - 2053 Flower Street, Bakersfield, CA 93305 - 4198 Union Avenue, Bakersfield, CA 93305 - 307 4 th Street, Bakersfield, CA 93304 - 3901 Niles Street, Bakersfield, CA 93306 - 2801 Weedpatch Hwy, Bakersfield, CA 93307 - 1643 Cecil Avenue, Delano, CA 93215 - 10621 B Main Street, Lamont, CA 93241 - 600 2 nd Street, McFarland, CA 93250
Sierra Ice	Fabian Silva	CA	806-335-6203	- 434 Plumas Avenue, Oroville, CA 95965

Franchisee Name	Owner	State	Business Phone	IceBorn Machine Location(s)
Pimlico Properties, LLC*	Jason Goldblatt, Brad Goldblatt & Howard Goldblatt	CA	925-719-2010	- 170 S Main Street, Pixley, CA 93257 - 14643 Rd 1902, Poplar, CA 93257 - 215 S Main Street, Porterville, CA 93257 - 2274 E Springville Ave , Porterville, CA 93257- 188 Richgrove Drive, Richgrove, CA 93261 - 911 Academy Ave , Sanger, CA 93657 - 2230 S Whitson, Selma, CA 93662 - 141 W Dr Martin Luther King Jr Drive, Stockton, CA 95206 - 2481 E Main Street, Stockton, CA 95205 - 501 South 10 th Street, Taft, CA 93268 - 592 N Thompson Road, Tipton, CA 93272
Ice N Easy	K Heinicke	CO	719-510-9484	- 5832 Omaha Blvd , Colorado Springs, CO 80915
Fresh Ice is Nice*	Karole Romero	CO	719-647-5712	- 849 Desert Flower Blvd , Pueblo, CO 81001 - 1611 S Prairie Avenue, Pueblo, CO 81005
Ice Shack	T Dohrmann	KS	620-339-4695	- 1200 W Wyatt Earp Blvd , Dodge City, KS 67801
High Plains Ice	Tyler Schmidt & Todd Schmidt	KS	620-846-0612	- 310 W Kansas Ave , Garden City, KS 67846
The Ice Man	Brent Newton	MN	361-446-8704	- 11217 Lake Blvd, Chisago City, MN 55013
N/A	Terry Gaudreau	ND	701-770-8060	- 4710 2nd Avenue W, Williston, ND 58801
ATG Enterprises*	D Glimm	NE	308-289-5220	- 3220 S Jeffers, North Platte, NE 69101 - 417 E 1st Street, Ogallala, NE 69153 - 2909 Ave I, Scottsbluff, NE 69361
Peconic Beverages	T Peconic	NY	631-283-0602	- 74 County Road 39, South Hampton, NY 11968
JB's Ice	J Brown	OH	440-265-7179	- 1301 Mariana Drive, Conneaut Harbor, OH 44030
FamEd	G Edwards	OH	419-906-0653	- 1414 North Scott Street, Napoleon, OH 43545
Blue Thunder, Inc *	E Hoover	PA	814-931-4180	- 7447 Admiral Peary Hwy , Cresson, PA 16630 - 300 Allegheny Street, Hollidaysburg, PA 16648
Absolute Ice	E Thomas	PA	412-689-2063	- 820 Pennsylvania Ave , Pittsburgh, PA 15233
Utah Ice Vending Machines, LLC*	Douglas Goodfellow	UT	703-989-8443	- Hite Marina Hwy 276, Bullfrog, UT 85433 - 295 S Main Street, Spanish Fork, UT 84660
JDB Properties, LLC	John and Debra Brissey	WA	509-237-1222	- 711 N Stratford Road, Moses Lake, WA 98837
RLA Ice	Ray Burney	WA	360-607-7526	- 4905 NE 94 th Avenue, Vancouver, WA 98662

* Denotes Multi-Unit Franchisee

**FRANCHISE AGREEMENTS SIGNED, OUTLET NOT YET OPERATIONAL
AS OF DECEMBER 31, 2018**

Franchisee Name	Owner	State	Business Phone	IceBorn Machine Location(s)
Nanokas	Steven Kennedy	AZ	214-914-9015	To be determined
Pimlico Properties, LLC*	Jason Goldblatt, Brad Goldblatt & Howard Goldblatt	CA	925-719-2010	To be determined <i>Note 14 Franchise Agreements signed</i>
Fresh Ice is Nice	Karole Romero	CO	719-647-5712	To be determined
B2 Enterprises	Courtney Beck & Jeff Benson	CO	719-432-6606	To be determined

EXHIBIT K

LIST OF FORMER FRANCHISEES AND MULTI-UNIT FRANCHISEES

Exhibit K

LIST OF FORMER FRANCHISEES AND MULTI-UNIT FRANCHISEES
(Franchisees Departing the Franchise System During the 2018 Fiscal Year)

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

None

EXHIBIT L

STATE ADDENDA AND AGREEMENT RIDERS

Exhibit L

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
IHA FRANCHISING, LLC**

The following are additional disclosures for the Franchise Disclosure Document of IHA Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these additional disclosures.

CALIFORNIA

1 THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

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

3 SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

4 The following risk factor is added to the State Cover Page

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

5 The following paragraph is added at the end of Item 3 of the Disclosure Document

Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

6 The following paragraph is added at the end of Item 5 of the Disclosure Document

Despite the payment provisions above, we will defer the payment of initial franchise fees owed to us by you until such time as all initial obligations owed to

you under the Franchise Agreement or Multi-Unit Zone Franchise Agreement have been fulfilled by us and you have commenced doing business

7 The following is added to the remarks section of the line item of Item 6 of the Disclosure Document titled "Interest"

The highest interest rate allowed under California law is 10% annually

8 The following paragraphs are added at the end of Item 17 of the Disclosure Document

California Law Regarding Termination and Nonrenewal California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of the franchise. If the Franchise Agreement or Multi-Unit Zone Franchise Agreement contain any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy The Franchise Agreement and Multi-Unit Zone Franchise Agreement provide for termination upon bankruptcy. These provisions might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*)

Covenant not to Compete The Franchise Agreement and Multi-Unit Zone Franchise Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Arbitration The Franchise Agreement and Multi-Unit Zone Franchise Agreement require binding arbitration. The arbitration will be conducted by one (1) arbitrator and will occur in the city where we maintain our headquarters at the time that the action is brought, with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement or Multi-Unit Zone Franchise Agreement restricting venue to a forum outside the State of California.

Releases The Franchise Agreement and Multi-Unit Zone Franchise Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or Multi-Unit Zone Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the

Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

9 The following paragraph is added at the end of Item 19 of the Disclosure Document

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

WASHINGTON

1 The following is added to the State Cover Page as an additional Risk Factor

THE FRANCHISOR IS A NEWLY ORGANIZED COMPANY AND THERE IS NO OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING WHETHER TO MAKE AN INVESTMENT IN THIS FRANCHISE

2 The following is added to the end of Item 5 of the Disclosure Document

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the franchise agreement and the franchise is open for business. Because we have material pre-opening obligations with respect to each IceBorn Machine you open under the Multi-Unit Zone Agreement, the State of Washington will require that the initial franchise fees be released proportionally with respect to each IceBorn Machine.

3 The following paragraph is added at the end of Item 17 of the Disclosure Document

If any of the provisions in this disclosure document, the Franchise Agreement or the Multi-Unit Zone Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the Act's provisions will prevail over the inconsistent provisions of the disclosure document, the Franchise Agreement or the Multi-Unit Zone Franchise Agreement with regard to any franchises sold in Washington. However, you acknowledge that we intend to enforce all such provisions to the extent allowed under the Act.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE IHA FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

THIS RIDER (the “**Rider**”) is made and entered into as of this _____ day of _____, 20____ (the “**Agreement Date**,” regardless of the dates of the parties’ signatures), between **IHA FRANCHISING, LLC**, a Delaware limited liability company, with offices at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 (“**IHA**”), and _____ (“**Franchisee**”)

1 **Background** IHA and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “**Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) the Approved Vending Unit that Franchisee will operate under the Agreement will be located in Washington, and/or (b) Franchisee is a resident of Washington, and/or (c) any of the offering or sales activity relating to the Agreement occurred in Washington.

2 **Fees** The following is added to the end of Section 4 of the Agreement

The State of Washington has imposed a financial condition under which the initial franchise fee due will be deferred until IHA has fulfilled its initial pre-opening obligations under this Agreement and the Approved Vending Unit is open for business

3 **Addition of Paragraphs** The following is added to the end of the Agreement

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder, the Agreement shall be modified as follows

The State of Washington has a statute, RCW 19 100 180, which might supersede this Agreement in Franchisee’s relationship with IHA, including the areas of termination and renewal of Franchisee’s franchise. There may also be court decisions which might supersede this Agreement in Franchisee’s relationship with IHA, including the areas of termination and renewal of Franchisee’s franchise

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

In the event of a conflict of laws, to the extent required by the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

To the extent required by the Washington Franchise Investment Protection Act, a release or waiver of rights executed by a franchisee shall not include rights under

the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, might not be enforceable, however, IHA and Franchisee agree to enforce those provisions as written to the maximum extent the law allows.

To the extent required by the Washington Franchise Investment Protection Act, transfer fees are collectable to the extent that they reflect IHA's reasonable estimate or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

IHA FRANCHISING, LLC

By _____
Title

FRANCHISEE

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
MULTI-UNIT ZONE FRANCHISE AGREEMENT**

**RIDER TO THE IHA FRANCHISING, LLC
MULTI-UNIT ZONE FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

THIS RIDER (the “**Rider**”) is made and entered into as of this _____ day of _____, 20__ (the “**Agreement Date**,” regardless of the dates of the parties’ signatures), between **IHA FRANCHISING, LLC**, a Delaware limited liability company, with offices at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224 (“**IHA**”), and _____ (“**Multi-Unit Franchisee**”)

1 **Background** IHA and Multi-Unit Franchisee are parties to that certain Multi-Unit Zone Franchise Agreement dated _____, 20__ (the “**Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) the Territory under the Agreement will be located in Washington, and/or (b) Multi-Unit Franchisee is a resident of Washington, and/or (c) any of the offering or sales activity relating to the Agreement occurred in Washington.

2 **Fees** The following is added to the end of Section 1 B of the Agreement:

Because IHA has material pre-opening obligations with respect to each IceBorn Machine that Multi-Unit Franchisee opens under this Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each IceBorn Machine.

3 **Addition of Paragraphs** The following is added to the end of the Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder, the Agreement shall be modified as follows:

The State of Washington has a statute, RCW 19 100 180, which might supersede this Agreement in Multi-Unit Franchisee’s relationship with IHA, including the areas of termination and renewal of Multi-Unit Franchisee’s franchise. There may also be court decisions which might supersede this Agreement in Multi-Unit Franchisee’s relationship with IHA, including the areas of termination and renewal of Multi-Unit Franchisee’s franchise.

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

In the event of a conflict of laws, to the extent required by the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail.

To the extent required by the Washington Franchise Investment Protection Act, a release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, might not be enforceable, however, IHA and Multi-Unit Franchisee agree to enforce those provisions as written to the maximum extent the law allows.

To the extent required by the Washington Franchise Investment Protection Act, transfer fees are collectable to the extent that they reflect IHA's reasonable estimate or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

IHA FRANCHISING, LLC

By _____
Title

MULTI-UNIT FRANCHISEE

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If IHA 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. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If IHA Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the appropriate state agency identified in Exhibit F.

The franchisor is IHA Franchising, LLC located at 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224. Its telephone number is 904-241-7535.

The franchise seller(s) for this offering are Corey Bowman, and _____ {complete only if applicable} at IHA Franchising, LLC, 13901 Sutton Park Drive South, Building A, Suite 100, Jacksonville, Florida 32224, 208-972-1238.

Issuance Date August 26, 2019

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states. I received a disclosure document from IHA Franchising, LLC dated as of August 26, 2019, that included the following Exhibits:

Exhibit A	Financial Statements	Exhibit H	General Release
Exhibit B	Franchise Agreement	Exhibit I	Franchisee Disclosure Questionnaire
Exhibit C	Multi-Unit Zone Franchise Agreement	Exhibit I-1	Multi-Unit Franchisee Disclosure Questionnaire
Exhibit D	Operating Manual Table of Contents		
Exhibit E	Terms and Conditions	Exhibit J	List of Franchisees and Multi-Unit Franchisees
Exhibit F	List of State Administrators/Agents for Service of Process	Exhibit K	List of Former Franchisees and Multi-Unit Franchisees
Exhibit G	SmartIce Remote Management System Terms and Conditions	Exhibit L	State Addenda and Agreement Riders
Exhibit G-1	ePort® Connect Services Agreement and Activation Consent Form		

Date

Name of Prospective Franchisee

Signature of Prospective Franchisee

[Sign and return this page to us]

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Date

Name of Prospective Franchisee

Signature of Prospective Franchisee

[Sign and keep this page for your records]