# FRANCHISE DISCLOSURE DOCUMENT

**MELTY FRANCHISING, LLC**
**610 South 850 East**
**Lehi, Utah 84043**
**Telephone: 801-735-8262**
**Website: www.meltyway.com**
**Email: dnibley@meltyway.com**

As a franchisee, you will operate a quick casual restaurant offering gourmet grilled cheese sandwiches, soups and specialty desserts.

The estimated total initial investment necessary to begin operations of your Unit franchise will range from $211,067 to $358,017. This amount includes initial fees of $41,500 that must be paid to the franchisor or an affiliate.

This disclosure document ("Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact David Nibley, Chief Executive Officer at 610 South 850 East, Lehi Utah 84043, dnibley@meltyway.com and 801-735-8262.

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

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

**Issuance Date: July 13, 2022**

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## **Special Risks to Consider About *This* Franchise**

1. **<u>Out-of-State Dispute Resolution</u>.** The Franchise Agreement requires you to resolve disputes with the franchise by mediation and/or litigation only in Utah. Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and/or litigate with the franchise in Utah than in your own state.

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

## REQUIRED BY THE STATE OF MICHIGAN

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Melty Way® Franchise are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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**EXHIBITS**

# ITEM 1

# THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Melty Franchising, LLC a Wyoming limited liability company, is offering prospective franchise owners the opportunity to operate a Melty Way® Unit franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, "We", "Us", "the Company" mean Melty Franchising, LLC, the franchisor (but not the Company's officers, directors, agents or employees). "You" or "Franchise Owner" mean the person who buys a franchise from us. The term "Unit franchise" or "Unit Franchises" means one or several Melty Way® Unit franchises. The terms "Area Representative" or "Area Representatives" mean one or several Melty Way® Area Representative franchises. If you are a corporation, partnership or other entity, our Franchise Agreement ("FA") will also apply to your owners, officers and directors. Unless otherwise indicated, the term "Melty Way® Franchise" means any type of Melty Way® franchise.

## <u>The Franchisor, and any Parents, Predecessor and Affiliates</u>

Melty Franchising, LLC is a Wyoming Limited Liability Company formed in October 14, 2020. Our principal business address is 610 South 850 East, Lehi Utah 84043. We operate under our corporate name, "Melty Way®." We do not conduct business under any other name. We have not offered and do not offer franchises in any other line of business and do not own or operate any Melty Way® Melty Way® Franchisees.

We have one affiliate, Melty Way Holdings, LLC, a Utah limited liability which was formed in December 2013, with its corporate office is located at 5947 New London St., Highland, UT 84003. Melty Way Holdings, LLC owns and operates a Melty Way® restaurant in West Valley City, Utah and a Melty Way® restaurant in Sandy, Utah. Our CEO is the Managing Member of Melty Way Holdings, LLC. Our affiliate does not offer franchises in any line of business or provide products or services to our franchises.

Our agent for service of process is disclosed in Exhibit "A".

## <u>Our Business</u>

We currently offer and sell two types of businesses: 1) Area Representative Businesses, referred to as a "Area Representative" or "Area Representatives"; and 2) Unit Franchises. We began offering Area Representative Businesses in November 2020, and Unit Franchises in November 2020. This Disclosure Document is for Unit Franchises only, and does not contain information about the costs of opening or operating an Area Representative Business. Area Representative Businesses are offered under a separate Disclosure Document ("FDD for Area Representatives"). We do not currently operate any Unit Franchises or Area Representative Businesses.

### Melty Way® Unit Franchises

We offer unit franchises for Melty Way® Businesses (sometime referred to as "Restaurants" or "Unit Franchises") using the word mark "Melty Way®" and such other trade names, trademarks, service marks, logos and symbols we authorize ("Marks"), business system, procedures and trade secrets (collectively, the "System"). You will conduct a business offering a variety of food products and services for sale to the general public for consumption on the business' premises (the "Restaurant"). The Restaurant is a quick casual restaurant offering gourmet grilled cheese sandwiches, soups and specialty desserts (the "Approved Products and Services"). With our prior approval, you will also have the option to offer Approved Products and Services to the general public through the use of a food truck as part of your Restaurant.

You will be required to purchase specific materials, supplies and equipment and to strictly follow our methods, policies and procedures. You will operate the franchised business in accordance with our standards, methods, procedures and specifications, which are more particularly described in our franchise agreement attached as Exhibit "B" to this disclosure document and our operations manual. You must sign one of our standard Franchise Agreements, which is attached as Exhibit B. You may operate one (1) Melty Way® Unit Franchise for each Franchise Agreement you sign.

You will be provided a territory limiting our ability to operate or establish other franchises using the Melty Way® system within your territory (see Item 12). We are not required to pay any compensation to a franchisee for orders within the franchisee's territory.

If you are interested in becoming Melty Way® franchisee, you may be asked to complete a confidential application and questionnaire when applying for consideration. This may include your authorization for us to do, at our discretion, various background checks on you, including making criminal and financial inquiries. This information will remain confidential.

**Development Program Relating to Unit Franchises**

We offer and grant the right (the "Development Rights") to develop and operate multiple Melty Way® Unit Franchises within a certain defined geographic area (a "Development Area") in keeping with a "Development Schedule." We call this opportunity the "Area Development Program." We use our form of Area Development Agreement (Exhibit G), and require those seeking to participate in it to sign three Franchise Agreements at the time they chose to participate in the Development Program. Under the Area Development Agreement, we defer the dates the franchisee has to open the Melty Way® Unit Franchise for the second and third Melty Way® Unit Franchise under their Development Schedule. We also agree not to place another Melty Way® Unit Franchise in the Development Area during the Development Schedule, provided they are in compliance with the Development Addendum. The current form of Area Development Agreement is attached as an exhibit to the FDD for Unit Franchises.

**Market and Competition**

The market for the goods and services offered by a Melty Way® Unit Franchise is well-established and the restaurant. The general market for quick casual sandwich restaurants, bakeries and deli services is well-developed, and you will be required to compete for potential customers in your territory. No studies or surveys have been done to determine a need for these products within your territory. You will typically compete with other established quick serve sandwich restaurants, bakeries and deli services. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Melty Way® franchises operated by us or other franchisees outside your territory.

**Laws and Regulations**

You are required to follow OSHA, the Patriot Act, and the Americans with Disabilities Act ("ADA") guidelines and other laws and regulations which apply to businesses generally.

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

You must investigate local zoning rules because they may limit where you can locate a restaurant and may affect the design features, including the building façade and signs. You should be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. If you receive our written permission or instruction to serve alcoholic beverages in your restaurant, you will be responsible for obtaining all necessary licenses and permits regarding the sale of alcohol, and you have to know the laws and regulations governing the sale of these items including: minimum age restrictions for purchasers and employees who sell, special training requirements, and regulations coverage, which may increase your premium payments. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. State or federal entities may require you to have a permit as a water provider. The details of state, county and local laws and regulations vary from place to place. You must research these matters. Please be aware that the changes in these laws may increase the cost to operate your restaurant.

## ITEM 2

## BUSINESS EXPERIENCE

**<u>David Nibley- Chief Executive Officer</u>**

Mr. Nibley has been our Chief Executive Officer and Managing Member since October 2020. Mr. Nibley has been a Managing Member of Melty Way Holdings, LLC (our affiliate) in Highland, UT, since December 2013. From June 2013 until the present, Mr. Nibley has been a director and the Chief Marketing Officer for Melty Way, Inc. From February 2005 until June 2013, Mr. Nibley worked for Media Rain, LLC in American Fork, Utah.

## 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

All franchisees pay an initial lump sum franchise fee of $39,000 on the signing of the first franchise agreement and $29,000 for each additional franchise. You are also required to pay us an opening assistance fee of $2,500 for each franchise purchased (see Item 11). You may also sign a deposit agreement (Exhibit "H") to reserve your franchise for up to 30 days. The deposit fee is $2,000 for a standard franchise, which is applied to the initial franchise fee.

Depending on your region, you may be able to enter into a multi-unit development agreement for the purchase of 2 or more units. The upfront non-refundable deposit for each unit is $2,500, which will be applied to the initial franchise fee, as developed. The initial franchise fee for multi-unit development is $39,000 for the first unit and $29,000 for each additional unit.  You will be required to develop each unit in accordance with the development schedule set forth in the Multi-Unit Development Agreement (Exhibit "G").

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

## ITEM 6

## OTHER FEES*

| Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee (2) | 6% of monthly Gross Revenues | Monthly | Based on monthly Gross Sales (2) |
| Advertising Fee[1, 5] | 1% of gross sales payable to us, plus 1% of gross sales for local advertising. | Payable weekly to be received by Monday of the following week. We require advertising fees to be paid in accordance with our electronic funds transfer or automatic withdrawal program.<br><br>Local advertising fees are paid by you to the vendor. | The advertising fee may be used by us for national or regional advertising, as we choose. You are required to spend 1% of gross sales on local advertising. |

| **Fee (1)** | **Amount** | **Due Date** | **Remarks** |
|---|---|---|---|
| Advertising Cooperative | 1% of gross sales payable to the co-op or our then current fee, if established by us. | Payable weekly to be received by Monday of the following week. We require advertising fees to be paid to us in accordance with our electronic funds transfer or automatic withdrawal program as developed, or directly to the co-op in our discretion. | If we form a local advertising co-op in your area, any advertising expenditures you make through the co-op up to 1% of gross monthly sales is credited against your local obligation.<br><br>Company or affiliate locations are not required to join the co-op but may at our discretion. Our stores will not have controlling voting power. We may terminate the co-op in our discretion at any time. |
| Initial Training[2] | No fee | Not Applicable | No fee for initial training for up to 3 people, but you must pay your own travel, lodging and food expenses while attending training (see Item 11). |
| Opening Assistance | $2,500 if your franchise unit is located outside of Utah and $1,500 if your franchise unit is located in Utah. | Upon signing your franchise agreement | For 3 days, one of our representatives will visit your franchise business at the time of the grand opening and assist with opening and rehearsal<br><br>(see Item 11). |
| Additional Training | $0 - $100 per day per trainee | Prior to training | At our discretion, and if there is available space, either you or your managers may wish to re-attend the initial training. There is no charge if you attend during a pre-scheduled initial training for another franchisee. If not, you must pay us<br><br>$100 per day per attendee. In all scenarios you must pay for the cost of travel, food, and lodging of you and your employees. |

| Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional On-Site Assistance[4] | $100 per representative per day | In Advance | We provide on-site consulting assistance as reasonably requested.<br><br>You must cover our cost of travel, food and lodging (see Item 11). |
| Other Assistance | No fee | Not Applicable | We will be reasonably available by telephone, email, teleconferencing, or website update as reasonably requested. |
| Transfer Fee | $5,000 | At time of approved transfer | Payable when you sell your franchise. No charge if franchise is transferred to an entity which you control. The transferee must pay<br><br>$2,500 to attend training and must pass training before we will approve the transfer. |
| Late Charges[1] | $25 per day up to<br><br>$500, plus 10% of amount owed and interest | Payable with royalty or reports[5] or on demand | Charges and interest begin to accrue after the due date of any royalty, fee report or other<br><br>required payment. |
| Renewal Fee[1] | $2,500, but will be reduced to $1,250 per franchise once you have opened 10 franchise units. | At time of renewal | Payable upon renewal if you elect to renew your franchise. Renewal is available to you only if you meet each of the requirements for renewal described in the franchise agreement at the time your renewal<br><br>election must be made. |
| Testing or Supplier Approval Fee | Reasonable expenses, at cost. | Before we approve suppliers and in advance of testing or review analysis. | Payable if you want to have unapproved suppliers or products tested or reviewed for our approval (see Item<br><br>8). |

| Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Fees on Default and Indemnity[3] | Attorney's fees, costs, interests and audit costs. | On demand, as incurred. | Paid in addition to other payments to us. |
| Audit Charge | Cost of Audit | On billing | Payable only if an audit shows an understatement of 2% or more of gross sales or records are unavailable. |
| Technology Fee/Computer System | Currently $299 monthly but is subject to increase as needed. | Due on the 10th day of each month, payable in accordance with our electronic funds transfer program. | Used to maintain and update the website, and social media, and to implement new technologies as developed. |
| Audit Charge | Cost of Audit | On billing | Payable only if an audit shows an understatement of 2% or more of gross sales or records are unavailable. |
| Loyalty Program | $170 - $220 | Due on the 10th day of each month, payable in accordance with our electronic funds transfer program or to the vendor. | System tracks customer information, ordering, and loyalty points for each customer. |
| Deposit Fee for the Franchise Agreement[6] | $2,000 | Upon Signing | This fee is non- refundable but is credited to franchise fee if franchise is purchased. |
| System Non- Compliance Fines and Charges[3, 7] | Amount to be specified in the operations manual. Currently ranges between $50 and $500. | As Incurred | For certain defaults in your compliance with our operations manual. To be paid in accordance with our electronic funds transfer or automatic withdraw program. |

| Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Consumer Complaint Resolution Fee | Our costs to address the complaint, plus a $50 fine per incident. | When we receive customer complaint. | You must reimburse us for any of our costs to respond to and compensate complaints from your customers. |

*The tables above and accompanying notes describe the nature and amount of all other fees that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part for a third party, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your Unit franchise:

Explanatory Notes:

(1) Royalty and Fees. Except as shown in the remarks column, all fees are imposed and payable to us. All fees are non-refundable. If your state or local government levies us a sales or similar tax on royalties or advertising fees, you will be required to pay us or the taxing authority the amount of this tax.

We have the right to require you to establish a bank sweep, draft or other similar type of electronic funds transfer ("EFT") account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due us. If you are late in paying your fees or in submitting a report, a $25 per day late fee and a monthly late charge of 10% shall be payable on the outstanding balance, calculated from the due date until paid in full.

(2) Initial Training. You and your managers if other than you are required to complete initial training not less than 2 weeks before your opening.

(3) Indemnity. You must indemnify us from any and all claims or damages regarding the conduct and operation of your franchise.

(4) On-Site Assistance. We will provide on-site assistance at your reasonable request for $100 per day per company representative, plus the cost of travel, food and lodging for our representatives.

(5) Reports. You must input into gross weekly sales, inventory, labor costs and expenses into your weekly reports. Your report must include a full profit and loss statement for your franchise business during the prior week. You must also submit to us a copy of your quarterly state and local sales tax report. These reports are due each week on Monday of the following week.

(6) Deposit Fee. If you sign a deposit agreement for this franchise, the deposit fee is $2,000 and will be credited against the initial franchise fee if you purchase the franchise. Except as noted above, these costs and fees are uniform for all franchisees and are not refundable.

(7) System Noncompliance. For certain defaults in your compliance with our system, we reserve the right to institute a series of fines and charges in our manuals that may be revised by us periodically.

## ITEM 7

## ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT * | | | | | |
|---|---|---|---|---|---|
| Type of Expenditure | Amount** | | Method of Payment | When Due | To Whom Payment is to be Made |
| | Low | High | | | |
| Initial Franchise Fee (1) | $39,000 | $39,000 | Lump sum | When you sign the FA | Us |
| Lease Payments (3 months) | $9,000 | $27,000 | As agreed | As required | Landlord |
| Security Deposits | $3,000 | $9,000 | As agreed | As required | Landlord |
| Real Estate and Improvements (2) | $50,000 | $100,000 | As incurred | As incurred | Vendors and Contractors |
| Tenant Improvement Allowance (2) | $30,000 | $65,000 | As agreed | Before opening | Contractors |
| Signage (3) | $6,000 | $15,000 | As incurred | Before opening | Signage Contractor |
| Equipment, Furniture, Fixtures, Hardware, Software, and Supplies (4) | $50,000 | $65,000 | As incurred | Before opening | Suppliers and Vendors |
| Technology Fees plus set up for POS terminals(3 months) (5) | $2,397 | $5,297 | As agreed | As required | Us or our required vendor |
| Inventory, (Initial Merchandise Purchase for Store) (5) | $7,000 | $10,000 | Lump Sum | Before opening | Suppliers |
| Opening Assistance Fee | $2,500 | $2,500 | Lump Sum | At least 2 weeks prior to opening | Us and System |

| YOUR ESTIMATED INITIAL INVESTMENT * | | | | | |
|---|---|---|---|---|---|
| **Type of Expenditure** | **Amount**** | | **Method of Payment** | **When Due** | **To Whom Payment is to be Made** |
| | **Low** | **High** | | | |
| Miscellaneous Opening Costs (6) | $2,500 | $2,500 | As Incurred | As Incurred | Suppliers, Utilities, Etc. |
| Travel and living expenses while training (7) (per person) | $2,500 | $2,500 | As agreed | When you sign the FA | Us |
| Advertising (3-months) (8) | $2,000 | $5,000 | As agreed | As incurred | Third-Parties |
| Loyalty Program (9) | $170 | $220 | As Agreed | As Incurred | Us or Suppliers, as directed |
| Additional Funds (3-months) (10) | $5,000 | $10,000 | As agreed | As incurred | Hired suppliers, accountants, Employees, etc. |
| **TOTAL ESTIMATED INITIAL INVESTMENT (11)** | **$211,067** | **$358,017** | | | |

Explanatory Notes:

*These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your franchise. Our estimates are based on our experience (see Items 1 and 2), and our current requirements for Melty Way® Franchisees. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your franchise may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations.

** None of the fees or costs paid to us listed in the table above are refundable.

(1) The initial franchise fee is $39,000 for your initial Unit Franchise. The initial franchise fee is paid at the time you sign the franchise agreement. It is not refundable. We do not finance any portion of this fee.

(2) You must purchase or lease a suitable location for your Melty Way® franchise. Costs of commercial property or leases and improvements vary widely based on location, terms of the lease, the total area of your space, as well as construction and material costs. We have included a credit for tenant improvements,

but this may or may not be available in your lease space. We have not included an amount for the lease or purchase of real property because it is impossible to estimate and varies widely per location. You should review these costs with a local contractor, commercial real estate agent and other professionals. Your space will vary depending on your needs, but we estimate you will need between 1,250 and 1,800 square feet. Your improvements may include set up for a kitchen, sufficient backroom storage, dining room, front of house operations, countertop installation and POS System, all of which must be approved by us. You are required to follow our décor and floor plan specifications. You must find and lease a location within 3 months of your franchise agreement. We do not provide standard plans and specifications for construction of improvements, but your plans and specifications must be approved by us. Construction of your premises must begin within 3 months from the date of the franchise agreement. Construction must be completed within 6 months from the date of your franchise agreement. Operation of your franchise business must begin within 30 days from completing construction and in no case may you begin operations later than 8 months from the date of your franchise agreement. Failure to meet these deadlines may result in termination of your franchise agreement.

(3) At least one exterior sign displaying the trademark and one interior sign are required. These signs will be made locally. All signs must conform to our specifications and should range in total cost between $6,000 and $15,000. All purchase agreements or leases must be negotiated with your suppliers. You must use the location's monument or pole/pylon sign if available.

(4) This estimate includes the cost of all furniture, fixtures and equipment required to open and operate your Melty Way® franchise. Included in this estimate are the cost of kitchen equipment, utility sinks, stainless steel shelving, stand-alone coolers, utility shelving, millwork, chairs, tables, interior design, and optional equipment installation fees. This estimate also includes office supplies and small wares.

(5) You must purchase or lease a point-of-sale ("POS") computer system from our designated supplier. The current cost to lease a POS system (one portal) from our designated supplier is a $1,500 start-up cost and a monthly subscription payment of approximately $299 per month. The average store only has one POS portal. We also require you to use the Online QuickBooks Plus accounting system. We reserve the right to change this in the future. The current cost of Online QuickBooks Plus is $49.95 per month. The low end assumes you have one terminal; the high end assumes you have three terminals. We reserve the right to have independent access to any information or reports generated by you on your computer system. We require you maintain this information for us. You are required to use our credit card processing provider.

(6) This estimate includes product inventory, food, beverages, soft goods, such as napkins, boxes, sacks, cups, and other paper goods, uniforms, and other items required to operate a Melty Way® franchise. The costs will vary depending upon the size, location and inventory levels of your restaurant.

(7) These miscellaneous costs include legal fees, utility costs, business entity organization expenses, employee training, deposits, insurance and licenses.

(8) You are responsible to pay all travel, living, and other associated training expenses for yourself and your employees during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.).

(9) Advertising is essential to the successful operation of your franchise business. All advertising must be pre-approved by us in writing. This estimates the costs of promotional materials used for advertising such as placards, posters, fliers, template ads and template videos, and similar advertising materials, as well as the expense involved for a grand opening promotion and associated advertising. However, you cannot establish a website, social networking or social media site, or advertise on the Internet unless you receive our prior written approval.

(10) Among other things, our loyalty program tracks volume of purchase per customer, orders, buying patterns and redeems loyalty points.

(11) This estimates your initial start-up expenses, excluding real estate acquisition expenses or shipping and installation of the equipment, and includes payroll costs, but not taxes. Employee compensation is between you and your employee and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you need to include an amount payable to you.

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

We have relied on our experience in this industry in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase this franchise opportunity.

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Proprietary Products

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

- Paper goods
- Advertising and marketing products
- Uniforms
- Recipes and ingredients
- Food and beverage items
- Accounting software
- POS system
- SMS services
- Logoed products
- Commercial retail real estate broker
- Loyalty program software

You are also required to purchase any and all interior décor items, furniture, fixtures, office equipment and signs in accordance with our specifications. We reserve the right to require that all items bearing our trademark be purchased from us or other sources designated or approved by us. Occasionally, you will be required to buy special promotional items such as advertising material, related products and goods from us or from vendors we name regarding a promotional program or marketing strategy. In addition, we have entered into contracts and may enter into other contracts with suppliers for equipment, software and paper good items. Pursuant to these arrangements or contracts, you will be required to purchase these goods from the designated or approved suppliers. We estimate that the purchase of products from designated or approved sources will represent approximately 50% to 75% of your overall purchases in opening your franchise business and 85% to 90% of your overall purchases in operating your franchise business.

At this time, there are no purchasing or distribution cooperatives, but we currently negotiate purchase arrangements with suppliers, including price, terms for the benefit of franchisees; however, we do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers.

We may receive a fee, payment or other compensation from suppliers of required purchases of goods and services. However, generally, the mark-up on other items will not be more than 10% for each good or service and will generally range between 5% and 10%. Because we are a new company, we have no basis from which to gauge the percentage of revenue that we or our affiliate may derive from franchisee purchases from designated sources; however, at this time, we estimate that these revenues will not comprise more than 2% to 5% of our total revenue or that of our affiliate.

The franchise agreement requires that food and beverage items, equipment and services required for the operation of your franchise business and other items sold by you must be purchased solely from approved suppliers, which meet our specifications. Our specifications include standards for delivery, performance, quality, design and appearance. Specifications are provided to you before the beginning of operations and during operations by written training materials, written amendments, changes to the operations manual, and other written notice, including email. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system.

You must use an approved retail real estate broker in your area to help you pick a location for your restaurant. Your local broker must work directly with our independent approved broker to get your location approved by us (see Item 11).

All approved suppliers are made available to you before the beginning of operations. We consider our specifications to be of critical importance to the success of the system. As to these matters, you must deal only with suppliers approved by us. We may assess fines and charges in accordance with our operations manual if you purchase, use or sell unapproved products or use unapproved or undesignated suppliers, if approved by us.

None of our officers or owners has an ownership interest in any of our suppliers.

Non-Approved Suppliers

Except for certain trademark and private label items and designated source items described above, if you desire to use a particular supplier and if that supplier meets the

specifications and requirements of our system, then the supplier may become an approved supplier.

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

If you desire to purchase any items from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether any of these items meet our specifications. Before testing, reviewing and approval, you will be required to pay a testing and reviewing fee covering our reasonable expenses and costs of testing. We will notify you in writing within a reasonable time as to whether these services or products meet our specifications. We may occasionally make changes or alterations in the standards and specifications for the above items and approved suppliers. We reserve the right to revoke approval for a supplier at our discretion.

Insurance

In addition, you are required at your own expense to keep in force during the entire term of the franchise agreement general liability, combined single limit, bodily injury and property damage insurance, including premises operations and products, and all other occurrences against claims of any person, employee, customer, agent or otherwise. We do not derive revenue as a result of your purchase of insurance. You must carry the following:

(a) Property Insurance. Casualty insurance for all of your goods, fixtures, furniture, equipment, and other personal property located on your franchise business premises providing insurance to the extent of 75% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage.

(b) Liability Insurance. The following insurance policies, with the following minimum limits (or such higher limits as we may specify periodically in our systems standards):

(1) General liability insuring against all liability resulting from damage, injury, or death occurring to persons or property in or about the licensed store premises (including products liability insurance), the liability under such insurance to be not less than

$1,000,000 per occurrence and $2,000,000 in the aggregate (combined single limit for personal injury, including bodily injury or death, and property damage) or leasehold minimum, whichever is greater; and

(2) Excess "umbrella" liability providing liability insurance in excess of coverage's in items (1) and (2) above, with a limit of not less than $2,000,000.

(c) Workers Compensation. You must also maintain and keep in force all workers' compensation insurance on your employees that is required under the applicable workers' compensation laws of the state in which your Melty Way® store is located. Your real estate lease may also impose requirements for insurance coverage in addition to the requirements that we impose. You must comply with all lease requirements.

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

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us upon demand the premium cost. Regardless of the above, your failure to obtain said insurance constitutes a material breach of the franchise agreement entitling us to terminate the franchise agreement. You must also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation insurance. You understand and agree that we may periodically increase the amounts of coverage required and/or require different or additional coverage.

Computer / Point of Sale System

You must purchase or lease a point-of-sale ("POS") computer system from our designated supplier. The current cost to lease a POS system (one portal) from our designated supplier is $1,500 start-up cost and a monthly subscription payment of approximately $299 per month. The average store only has one POS portal. We also require you to use the Online QuickBooks Plus accounting system. We reserve the right to change this in the future. The current cost of Online QuickBooks Plus is $49.95 per month. See Item 11 for more details. [franchise agreement paragraph 6.02L].

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods, services or real estate regarding the establishment or operation of the franchise business from us or our affiliates or designated sources.

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

| Obligations | Section in Franchise Agreement | Disclosure Document Item |
|---|---|---|
| **a. Site selection and acquisition/lease** | Section 4.1 of the franchise agreement | Item 11 |
| **b. Pre-opening purchases/leases** | Sections 6.1.3, 6.1.12 and 6.1.13 of the franchise agreement | Item 8 |
| **c. Site development and other pre-opening requirements** | Section 4.2 of the franchise agreement | Items 7 and 11 |
| **d. Initial and ongoing training** | Sections 6.1.4 and 7.4 of the franchise agreement | Item 11 |
| **e. Opening** | Sections 4.3 and 7.1.3 of the franchise agreement | Item 11 |
| **f. Fees** | Article V of the franchise agreement | Items 5 and 6 |

| Obligations | Section in Franchise Agreement | Disclosure Document Item |
| --- | --- | --- |
| **g. Compliance with standards and policies/operating manual** | Section 6.2 and Article IX of the franchise agreement | Items 8 and 11 |
| **h. Trademarks and proprietary information** | Article III of the franchise agreement | Items 13 and 14 |
| **i. Restrictions on products/services offered** | Article VIII of the franchise agreement | Item 8 |
| **j. Warranty and customer service requirements** | Sections 6.1.2 and 7.3 of the franchise agreement | Item 11 |
| **k. Territorial development and sales quotas** | Not Applicable | Item 12 |
| **l. On-going product/service purchases** | Article VIII of the franchise agreement | Item 8 |
| **m. Maintenance, appearance, and remodeling requirements** | Section 6.1.8 of the franchise agreement | Item 11 |
| **n. Insurance** | Section 6.1.10 of the franchise agreement | Item 8 |
| **o. Advertising** | Article X of the franchise agreement | Items 6 and 11 |
| **p. Indemnification** | Section 15.2 of the franchise agreement | Item 6 |
| **q. Owner's participation/ management and staffing** | Sections 6.1.6 and 6.1.7 of the franchise agreement | Items 11 and 15 |
| **r. Records/reports** | Sections 5.4 and 5.5 of the franchise agreement | Item 6 |

| Obligations | Section in Franchise Agreement | Disclosure Document Item |
|---|---|---|
| **s. Inspections/audits** | Sections 5.5, 6.2.2(iv) and 7.5 of the franchise agreement | Items 6 and 11 |
| **t. Transfer** | Article XIV of the franchise agreement | Item 17 |
| **u. Renewal** | Section 2.2 of the franchise agreement | Item 17 |
| **v. Post-termination obligations** | Section 12.1 of the franchise agreement | Item 17 |
| **w. Non-competition covenants** | Article XVI of the franchise agreement | Items 14, 15 and 17 |
| **x. Dispute resolution** | Article XVII of the franchise agreement | Item 17 |
| **y. Owners/ Shareholders/ Spousal Guarantee** | Section 6.1.1 of the franchise agreement | Item 12 |
| **z. Guarantee of franchisee obligations** | Section 6.3.1 of the franchise agreement | Item 15 |

## ITEM 10

## FINANCING

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

## ITEM 11

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

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

Pre-Opening Assistance

Before you open your franchise business, we will:

1. Designate your territory [franchise agreement paragraph 1.1]

2. Make available general specifications for interior décor, building signs and equipment. You must adapt the above, at your own expense, to your site in accordance with local, state and federal laws, rules and ordinances with our approval. You are responsible to obtain any required permits and to ensure compliance with the Americans with Disabilities Act. We do not assist you with any construction, remodeling or redecorating of your premises [franchise agreement paragraph 7.1.1].

3. We do not assist in locating a site. That is your responsibility. However, we must approve of your site before you begin construction. You are required to use a local Coldwell Banker commercial retail broker, who is required to submit prospective sites to our local independent broker for approval. We will have final approval of your site location, but our approval of the site is not a guarantee or a warranty of the potential success of a location. Other than providing you with the general specifications, we do not assist you with the construction, remodeling or decorating of the premises. At this time, we do not own and lease properties to our franchisees [franchise agreement paragraph 4.1; multi-unit development agreement 2.01].

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

5. Provide you with a list of specifications for approved products, equipment, supplies and materials [franchise agreement paragraph 7.1.2].

6. Counsel you in the physical aspects of setting up the franchise business; however, you are required to work directly with the manufacturer or servicer of any required or approved products, equipment, supplies and materials. We do not offer assistance in delivery or installation of any required or approved purchases [franchise agreement paragraph 7.1.3 and 7.2].

7. Loan you a copy or provide electronic access to our confidential operations manual, and recipes manual ("manuals") containing mandatory policies, operating procedures, rules, employee guide, and other information. Our manuals are confidential and will remain our property. You must keep your copy of the manuals at your Melty Way® store at all times. The table of contents of the operations manual is included as Exhibit "F" to this disclosure document and is approximately 110 pages. [franchise agreement paragraphs article IX]**.**

8. We do not assist you in the hiring of your employees; however, we provide an initial training program for you and your manager, described in detail below. You and your manager, if other than you, are required to successfully complete a training program which is held at our headquarters in Lehi, Utah or a place designated by us. We do not charge a fee for training you and up to 2 managers. If you wish to have additional people attend the training or require or request additional days of training, there will be an additional fee of $100 per day per trainee. All cost of travel, meals and lodging during training must be borne by you. The training program is held,

as needed, depending on the number of new franchisees. Successful completion will be determined by our trainers and includes demonstrating competence in several areas of running a franchise business. These areas include knowledge of basic policies and procedures, preparation of food, portion control, minor equipment assembly, equipment maintenance, sanitization, daily operations, record keeping, basic accounting techniques and training employees. Successful completion of training must be completed 2 weeks before you may open your franchise business. The length of training is 6 to 10 days. Failure to successfully complete training is a default of the franchise agreement. [franchise agreement paragraph 7.4].

After the initial training, you must train all new/replacement mangers before they can manage your franchise business. As an alternative, your new manager may be trained by us. Our fee for new manager training is $100 per person per day to be trained at our headquarters. You must also bear the costs of travel, food, lodging and salaries of your employees during this training. As an alternative, we will train your manager at your place of business for a fee of at least $100 per day, plus expenses for travel, food and lodging for each instructor [franchise agreement paragraph 7.4.1].

During the initial training course, you and your manager will be instructed in your franchise business operations and management. During the training program, you will be provided with a copy of our operations manual. Although the individual instructors of the training program may vary, all of our instructors have significant at least 2 years of experience in their designated subject area and will be under the direction of our Chief Executive Officer, David Nibley.

The training program consists generally of the following:

| TRAINING PROGRAM | | | |
|---|---|---|---|
| **Subject** | **Hours of Classroom Training** | **Hours of Initial On the Job Training** | **Location** |
| Pre-Opening Management | 1 | 2 | Lehi, UT<br>or other designated location |
| Hiring and Training Employees | 1 | 3 | Lehi, UT<br>or other designated location |
| Marketing | 1 | 3 | Lehi, UT<br>or other designated location |
| Food Preparation | 2 | 20 | Lehi, UT<br>or other designated location |
| Sales Training | 1 | 2 | Lehi, UT<br>or other designated location |
| Cost Management | 3 | 6 | Lehi, UT<br>or other designated location |
| Accounting | 2 | 5 | Lehi, UT<br>or other designated location |
| Customer Service | 1 | 6 | Lehi, UT<br>or other designated location |
| Facilities Management | 1 | 3 | Lehi, UT<br>or other designated location |
| **Total Hours** | **14** | **53** | Lehi, UT<br>or other designated location |

9. Provide you with 3 days of opening assistance during your grand opening. During these 3 days, our representative will be at your store and assist you with the various aspects of your grand opening. The cost of this opening assistance is $2,500 and is mandatory. This fee covers the representative's travel, food, lodging and compensation during the opening training.

Site

1. You select your franchise business site within your territory; however, we must approve your location. Our approval is based upon the following general criteria: access, appearance, traffic, general population, demographics, parking, square feet and general vicinity. We do not prepare demographic studies or otherwise evaluate the potential success of your proposed site, or warrant or guarantee the success of the location or site. We will have 30 days to approve your site, but generally, site approval should be completed by us within 1-2 weeks after you have selected a prospective location. [franchise agreement paragraphs 4.1].

2. You will have 3 months to have a site selected for your franchise business. You must use a local Coldwell Banker commercial retail real estate broker in your site selection. Failure to reach an agreed upon site, after having exhausted all reasonable efforts will result in a termination of the franchise agreement without a refund.

3. If you sign a deposit agreement, you will have up to 30 days to find a potential site for your franchise store before you must sign the franchise or multi-unit development agreement. If you have not found an approvable site during the term of your deposit agreement you cannot sign a franchise agreement and you will forfeit your deposit fee.

Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 3 to 7 months. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance and delivery and installation of furniture, fixtures, equipment, signs, and inventory items. A lease must be in place within 3 months from the date of the franchise agreement. Construction must also be started within 3 months from the date of the franchise agreement and be completed within 6 months from the date of the franchise agreement. You are required to begin operations within 30 days after construction is complete. You must give us at least 30 days' written notice before opening your store. Failure to open your store within 8 months of signing the franchise agreement, after having exhausted all reasonable efforts, will result in a termination of the franchise agreement without a refund. A 3-month extension may be granted by us if you can demonstrate a good faith effort in finding an approved site, completing the required improvements and opening your store. [franchise agreement article IV]

Assistance During Operation

During the operation of your franchise business, we will:

1. Establish policies, procedures, standards and specifications for the operation of your franchise business. We may change, modify or update these procedures, standards and specifications at our discretion. You must strictly follow these procedures, standards and specifications as they develop. Failure to do so is grounds for termination of your franchise [franchise agreement paragraph 9.2].

2. Provide you with updates to the operations manual. We have the right to periodically add to and otherwise modify the confidential written instructions, including training manuals and operations manual to reflect changes in products, services, specifications, standards and operating procedures, including sales and marketing techniques respecting the franchise business. The modifications may obligate you to invest additional capital in

your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify. We will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement [franchise agreement paragraph 9.1.1]. We will keep your copy of the confidential operations manual current, which may be provided to you online or in electronic format. The master copy of the confidential operations manual maintained by us at our principal office will be controlling in the event of a dispute relative to the contents of the confidential operations manual [franchise agreement article IX]. You may not copy any part of the manuals, either physically or electronically.

3. At your reasonable request, provide assistance and supervision through our online site, via telephone, emails, teleconferences and website updates. However, for problems and training for the computer system, vehicles, other equipment and warranty items, you must work directly with your supplier of these items. If you request in person supervision or assistance you will be charged our standard rate in effect at the time. We currently charge a fee of $100 per day per representative, payable in advance or as otherwise agreed for assistance at your location. You must also pay the cost of travel, meals and accommodations for our representatives [franchise agreement paragraph 7.2].

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

During the operation of your franchise business, we may:

1. Hold annual conferences to discuss improvements, new developments, mutual concerns and business issues. At this time, attendance is mandatory. At present there is no conference fee, but there may be a fee in the future. You must pay all your travel and living expenses during the conferences. These conferences will be held at various locations chosen by us [franchise agreement paragraph 6.1.13].

2. At our discretion, make periodic inspections of your franchise business for compliance, consultation, assistance, and guidance in all aspects of the operation and management of the franchise business. We will provide written reports of any suggested changes or improvements for the operation or management and detail any defaults in operations which become evident as a result of any evaluation and inspection and you will have to cure within the allotted time set forth in the written report. Additional guidance, at our sole discretion, will be furnished in the form of our confidential operations manual, bulletins or other written materials, telephone consultations, email and/or consultations at our offices or at your franchise business in combination with an inspection of your franchise business [franchise agreement paragraph 7.5]. We shall have the right to communicate directly with your manager or assistant manager concerning all matters of an operational nature. Upon our request, at all reasonable times, you will provide to us video and/or digital images of the interior and exterior of your store as set forth in the operations manual [franchise agreement paragraph 6.2.2(iv)].

3. At our discretion, we may conduct additional seminars to discuss improvements, new developments, mutual concerns and business issues, sales marketing techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures. There may be a seminar fee, and you must pay all your

travel and living expenses. These seminars are normally held at our headquarters or as available at regional facilities [franchise agreement paragraph 6.1.13].

4. We may, to the degree permitted by law, specify maximum prices above which you will not provide any goods or services and you will honor all coupons, price reductions and other programs established by us.

5. At our discretion and depending on your location, we may provide you with a local representative to assist you with on-going operations.

Advertising and Promotion

We will provide you with advertising, marketing and promotional materials developed by us or we will provide you with sample templates that you are required to produce according to our specifications. You may not develop advertising and marketing materials for your use without our prior written approval. All advertising must be used in accordance with our written instruction in the operations manual as developed [franchise agreement paragraphs 10.3- 10.5].

We will send to you, as available, promotional materials and bulletins on new marketing developments and new or improved techniques [franchise agreement paragraph 10.4].

You must use 1% of your gross sales for local advertising [franchise agreement paragraphs 5.3.2].

Advertising Fund

We have the right to institute, maintain and administer a national advertising, marketing and development fund (referred to as the "advertising fund") for advertising or public relations as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. You must contribute 1% gross revenue to the advertising fund. We and our affiliates contribute to this fund on the same basis as the franchisees. We have no franchise businesses that do not contribute to the fund. [franchise agreement paragraphs 10.1].

We will administer and direct the marketing fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used regarding these programs (which may include television, Internet, radio and print advertising as funds permit); 2) the source of the advertising or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement paragraph 10.1].

We may make marketing materials available to you for your use locally. We do not provide for placement of local advertising. We reserve the right to use fees from the advertising fund to place advertising in national or regional media (including broadcast, print or other media). We are not required to spend any amount on advertising directly in the area or territory

where you are located. Funds will not be used to solicit additional franchisees. Any unused advertising funds in any calendar year will be applied to the following years' fund. You may request an unaudited annual report of advertising expenditures within 90 days of the end of each year. Because we are a new franchise we do not have an accounting of the use of advertising funds in our prior fiscal year.

No franchisee advertising council is anticipated at this time.

Advertising Cooperative

We may also cause the formation of local and/or regional cooperative advertising associations covering those areas as we, in our sole discretion, deem appropriate, and we may disperse those funds as we believe appropriate from the advertising fund to any local and/or regional cooperative advertising associations for local and/or regional advertising. You are required to participate in a local or regional advertising cooperative when established by us. The area of any cooperative advertising association will be based on regions determined by us. Your advertising area is defined as a market with multiple stores in the same television, radio or newspaper market, as determined by us. Upon the formation of a local or regional cooperative advertising association, you will be deemed to be a member of that association as covers the area in which your franchise is located and will be bound by any decisions made by the association upon a majority vote by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. You will be responsible to develop governing documents and make these governing documents available to all franchisees within the cooperative area. Governing documents must be approved by us. At this time no governing documents are available to review. Voting will be on the basis of one vote per franchise business in good standing or company-owned outlet in the association. You will be required to contribute advertising fees to any local or regional cooperative advertising associations as determined by the cooperative members, but any contribution will not exceed 1% of annual gross sales and will be credited toward your local advertising obligation. All franchisees or company owned franchises, if any, within the advertising cooperative area will be required to join and contribute to the fund on the same basis or rate. Cooperatives will be responsible for preparing an unaudited annual accounting which will be available for review by the franchisees within the cooperative area or us. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time [franchise agreement paragraph 10.2].

At this time, you are not required to participate in any other advertising funds. Computer / Point of Sale System

We require you to use a point of sale system designated by us. We will require you to purchase or lease the computer system from a designated supplier [franchise agreement paragraph 6.1.12]. The POS system will provide:

- Labor costs monitoring
- Product mix report
- Gift card management (if developed by us)
- Credit card payment
- Discounts tracking
- Sales tracking

The estimated cost to lease the POS system is approximately $299 per month with a setup fee of $1,500 per POS terminal. We reserve the right to increase the monthly fee upon 30 days' prior written notice. We will have independent access to the information generated and stored in the POS system at all times. There are no contractual limitations on our right to do so.

You must at all times maintain and frequently check a valid company email address, known and available to us, to facilitate our communication with you.

We require updates and upgrades to your hardware and software as it becomes available, at your expense. If you lease your POS system, upgrades are included in the monthly service charge. There are no contractual limitations to the frequency and cost of the obligation to upgrade the system. Any maintenance or repairs are at your expense. You must look to the manufacturer for replacement of any defective items [franchise agreement paragraph 6.1.12].

Multi-unit Development Agreement

Your rights under the Multi-Unit Development Agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide a territory where you have the option to develop

Melty Way® franchise restaurants provided in the agreement. After you have identified a potential location for a restaurant, we must approve the location for that restaurant pursuant to your franchise agreement [multi-unit development agreement section 3].

Miscellaneous

Except as listed above, we need not provide any assistance to you; however, this provision does not prevent us from providing additional information or assistance.

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to this variance yourself [franchise agreement paragraph 6.2.2].

We may deny any or all of the above services to you while you are in breach of the franchise agreement or in default in the discharge of any of your obligations to us.

## ITEM 12

## TERRITORY

Under the Franchise Agreement, we will grant you the right to use the system and proprietary marks solely within a specific geographic area, the boundaries of which will be negotiated prior to signing and described in the franchise Agreement. Your franchise must be operated from a single location within the territory as approved by Us. The location of your franchise business may not be changed without our prior written consent and may only be moved to another location within territory. We will not modify your Protected Territory during the franchise term. If you intend to renew or transfer the franchise, and your Protected Territory is larger than our then-current standard size for territories or the then-current demographics of your Protected Territory have changed, then we may reduce the size of your Protected Territory on renewal or require your transferee to operate the Unit franchise in a smaller territory. If we reduce the Protected Territory, we will give you or your transferee the option (as applicable) to develop the remaining territory.

You must obtain our prior written permission if you want to relocate your franchise. Approval to relocate is based upon the same criteria used in approving a new franchisee's proposed site (see Item 11). Other franchisees may advertise within your territory and you may advertise within other territories, but you may not open a Melty Way® franchise business or have an office outside of your territory. You do not have the right to use other channels of distribution to make sales outside your territory. You do not receive the right or option to acquire additional franchises. Your territory is not dependent upon achievement of a minimum sales volume, market penetration, or other contingency.

You will not be assigned an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We have the right to advertise and sell products in your territory in your territory as described below; however, we will not establish another traditional franchise or traditional company owned location using the trademark within your territory.

The specific size of your territory is negotiable between you and us based upon the population density, the metropolitan business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors, but generally we will not place another franchise within a 2-mile radius of your location. The written boundaries of your territory will be included in your franchise agreement. We have the right to adjust your territory and reasonably sell or add an additional franchise business based upon increases in the population in the territory of 25,000 or more. You must actively market, promote, develop and sell your franchise business products and services in your territory.

We or our affiliate, either personally or through agents and representatives, reserve the right to market in your territory through various means, including, but not limited to the Internet, and to sell Melty Way® products through our mobile food trucks and catering services and to sell non-traditional franchises at our discretion, both within and without your territory. These non-traditional franchises may include locations at sporting arenas, airports, and other similar locations. We may also enter into and negotiate franchise agreements with large institutional- type franchisees. For example, military bases, universities, department stores, hospitals or other similar locations. These franchisees have the right to operate and open non-traditional franchises at these non-traditional and institutional locations.

If we provide catering services or make sales through our food trucks in your territory, we will pay you 6% of the gross revenues derived from our catering services or food trucks made within your territory.

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark, but we reserve the right to do so in the future.

You may not solicit orders via the Internet, catalog sales or other channels of distribution.

## ITEM 13

## TRADEMARKS

You must use all trademarks in strict compliance with our operations manual and the Melty Way® system. You must modify or discontinue the use of a trademark at your cost, if we modify or discontinue it. You are prohibited from using any trademark as part of your corporate name, but you must use the name Melty Way® as part of an assumed name or dba registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Melty Way® names, derivatives or any other trademark used by us. You may only use the trademarks with the letters “TM” or “SM” or “®” as appropriate. You are prohibited from using any trademark in the sale of any unauthorized product or service or in any manner not expressly authorized in writing by us. You cannot use the trademarks in Internet advertising or as part of any web page or social network site without our prior written approval.

You are authorized to use the following Mark in connection with the operation of your Melty Way® franchise.

| Mark | Serial Number | Application Date | Registration Number | Registration Date | Register |
|---|---|---|---|---|---|
| Melty Way | 85670298 | July 6, 2012 | 4292190 | February 19, 2013 | Principal |
| melty way GRILLED CHEESE GOURMET | N/A | N/A | N/A | N/A | N/A |

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court nor pending interference, opposition or cancellation proceeding, nor pending material litigation involving the trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks.

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

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

You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures which are part of our business and agree to execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the trademarks or system belongs exclusively to us. If we require you to modify or discontinue use of the trademark, all costs and expenses for such modification are borne by you.

## ITEM 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have any pending patent applications with the United States Patent and Trademark Office.

You do not receive the right to use an item covered by a patent. However, we, or our parent or affiliate, claim protected trade secrets and copyrights in our franchise system and our recipes used in the system.

You can use the proprietary information in our operations manual and recipes manual but only in connection with the system. We have not registered the operations manual or the recipes manual with the United States Copyright Office, but we claim a copyright and consider the information proprietary. Our manuals may not be copied. Our manuals must be returned to us upon termination of your franchise. As mentioned above, the "system" is a trade secret and proprietary to us. You are required to adhere fully and strictly to all security procedures required by us for maintaining the secrecy of proprietary information. You must promptly tell us when you learn about unauthorized use of this manual and any proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. If applicable, we have the right to control any litigation. We are not required to defend or indemnify you for any damages from a proceeding based on copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

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

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

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

## ITEM 15

## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE MELTY WAY® FRANCHISE

You are not required to personally participate in the direct operation and on-premises supervision of the franchise business but we recommend on-site supervision. We do require on- premises supervision by your designated manager (who may be you) who must be trained and certified by us to manage your franchise business. Your manager must keep free from competing enterprises. You and your manager is not required to work a certain or minimum number of hours; however, your manager must work sufficient hours or you must supervise your manager sufficiently so that your franchise business is operating at maximum capacity and efficiency.

You and at least one manager must attend and complete the initial training program. We do not put a limitation on who you can hire as your manager. Any new manager must be trained by you or us before they can manage your franchise business. To pass training, the manager must demonstrate competence in several areas of running a franchise business. These areas include: knowledge of basic policies and procedures, minor equipment assembly, equipment maintenance and sanitization, daily operations, record keeping, basic accounting techniques and ability to train employees.

Your managers do not need to have an ownership interest in your franchise business. You, your partners, directors, members, shareholders and your manager and other principal employees, however, will be required to sign a standard confidentiality agreement to protect and keep confidential our trade secrets and confidential information described in Item 14 and to conform with the covenants not-to-compete described in Item 17 (see Exhibit B-3). Your key employees will also be required to sign confidentiality agreements (see Exhibit B-4).

You must operate the franchise business at least 6 days per week throughout the year unless otherwise requested by the developer or otherwise approved by us in writing and you must also maintain sufficient supplies and education materials and employ adequate personnel to operate the franchise business at maximum capacity and efficiency. Your managers must keep free from activities which would be detrimental to or interfere with the operation of your Melty Way® franchise business or the franchise system. You or your mangers must conduct frequent inspections of the facilities to insure the highest standards of cleanliness and general pleasant appearance, as well as frequent inspections of the operations to ensure compliance with our approved methods. Failure to provide the required on-premise supervision is considered a default under the franchise agreement and may result in terminating your franchise. In addition, if we or our independent service provider finds that you are not in compliance, we have the option at our discretion to manage the store until you have found a suitable replacement to act as your manager. For this you will be charged a fee of $100 per day, plus travel and living expenses for our representatives.

Any individual who owns a 20% or greater interest in the franchise business must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

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

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**<u>For Franchise Agreement:</u>**

**THE FRANCHISE RELATIONSHIP**

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

| Provision | Section in Franchise or Other Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 2.1 | Term - 5 years - Not affected by any other agreements. |
| b. Renewal or extension | Section 2.2 | If you are in good standing at the end of the initial or applicable renewal term, you can renew for additional terms of 5 years each up to 25 years total counting initial and renewal terms. |
| c. Requirements for franchisee to renew or extend | Section 2.2 | Not be in default, pay a renewal fee of $2,500 and sign the then current franchise agreement, which may have materially different terms from the previous agreement. |
| d. Termination by franchisee | Section 11.4 | There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. |

| THE FRANCHISE RELATIONSHIP<br><br>**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.** | | |
|---|---|---|
| **Provision** | **Section in Franchise or Other Agreement** | **Summary** |
| e. Termination by franchisor without cause | Section 11.1 | We must have cause to terminate the agreement (see below). |
| f. Termination by franchisor with cause | Section 11.1 | We can terminate the franchise agreement only if you are in default of your agreement. |
| g. "Cause" defined – curable defaults | Section 11.1 A-M | You have 15 days to cure monetary defaults and 30 days to cure certain other material defaults of the franchise agreement. |
| h. "Cause" defined – non-curable defaults | Section 11.1 N-BB | Non-curable defaults include, but are not limited to, conviction of a felony, fraud, repeated defaults even if cured, abandonment, and trademark misuse, etc. |
| i. Franchisee's obligations on termination/non-renewal | Section 12.1 | Obligations include complete de- identification, payment of amounts due, and compliance with the non- competition agreement (see (r), below). |
| j. Assignment of contract by franchisor | Section 14.1 | There are no restrictions on our right to assign, including merging with, acquisition by, or sale to a competing company. |
| k. "Transfer" by franchisee – defined | Section 14.2 | Includes assignment and transfer of contracts, security interests and ownership change. |
| l. Our approval of transfer by you | Section 14.2 | We must approve all transfers, but we will not unreasonably withhold approval. |
| m. Conditions for our approval of transfer by you | Sections 14.3 - 14.8 | You are not in default, all fees are current, new franchisee qualifies and passes training, transfer fees are paid, purchase agreement is approved, training arranged, new transferee signs the current franchise agreement, and release signed by you[1] (see state specific addenda). |
| n. Our right of first refusal to acquire your business | Section 14.9 | We can match any offer for your business within 45 days of written notice to us of the offer. |
| o. Our option to purchase your business | Section 13.1 | Upon termination we can buy your assets at fair market value. |

| THE FRANCHISE RELATIONSHIP<br><br>This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. | | |
|---|---|---|
| **Provision** | **Section in Franchise or Other Agreement** | **Summary** |
| p. Death or disability of you | Section 14.10 | Personal representative approved or franchise must be assigned to an approved buyer within a reasonable time. We have the right to operate your franchise business until a trained manager is in place until a new franchisee is appointed. |
| q. Non-compete covenants during the term of the franchise | Section 16.1 | You may not be involved with a competing business during the term of the franchise agreement. |
| r. Non-compete covenants after the franchise is terminated or expires | Sections 16.3 – 16.4 | No competing business for 2 years within your former territory or within 25 miles of your territory or within 25 miles of any other Melty Way® franchise (including after assignment). |
| s. Modification of the agreement | Section 23.11 | Modifications must be made in writing and signed by both parties, but policies and procedures are subject to change by us. |
| t. Integration/merger clause | Section 23.10 | Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document. |
| u. Dispute resolution by litigation or mediation | Section 17.2 | Except for certain claims, for all disputes there must be a face-to-face meeting, mediation and litigation (see state specific addenda). |
| v. Choice of forum | Sections 17.2 and 22.2 | Mediation and Litigation, if any, must be in Utah County, Utah, or the state of our then current headquarters (subject to state law). |
| w. Choice of law | Sections 22.1 and 22.4 | Utah law and the United States Trademark Act apply (subject to state law). |

**<u>For Multi-Unit Development Agreement</u>**

| THE FRANCHISE RELATIONSHIP<br><br>This table lists certain important provisions of the Multi-Unit Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. | | |
|---|---|---|
| **Provision** | **Section in Multi-Unit Development Agreement** | **Summary** |
| a. Length of the franchise term | Section 3.04 & Exhibit B | The term is the negotiated development period from 5 to 10 years. |
| b. Renewal or extension | Not Applicable | |
| c. Requirements for franchisee to renew or extend | Not Applicable | |
| d. Termination by franchisee | Not Applicable | |
| e. Termination by franchisor without cause | Not Applicable | |
| f. Termination by franchisor with cause | Sections 9.01 | We can terminate only if you are in default of your agreement. |
| g. "Cause" defined – curable defaults | Section 9 | You have 45 days to cure a development schedule default and 30 days to cure certain other material defaults of the multi-unit development agreement. |
| h. "Cause" defined – non-curable defaults | Section 9 | Non-curable defaults: conviction of felony, fraud, failure to pay, insolvency, repeated defaults even if cured and abandonment. |
| i. Franchisee's obligations on termination/non-renewal | Section 10 | We may sell in your territory and you may continue as a franchisee pursuant to your signed franchise agreements. |
| j. Assignment of contract by franchisor | Section 12.01 | No restrictions on our right to assign including merger with, acquisition by, or sale to a competing company |
| k. "Transfer" by franchisee – defined | "Transfer" by franchisee - defined | Sections 12.02 |
| l. Our approval of transfer by you | Franchisor approval of transfer by franchisee | Section 12.02 |

| THE FRANCHISE RELATIONSHIP<br><br>**This table lists certain important provisions of the Multi-Unit Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document**. | | |
|---|---|---|
| **Provision** | **Section in Multi-Unit Development Agreement** | **Summary** |
| m. Conditions for our approval of transfer by you | Conditions for franchisor approval of transfer | Not Applicable |
| n. Our right of first refusal to acquire your business | Franchisor's right of first refusal to acquire franchisee's business | Not Applicable |
| o. Our option to purchase your business | Franchisor's option to purchase franchisee's business | Not Applicable |
| p. Death or disability of you | Death or disability of franchisee | Not Applicable |
| q. Non-compete covenants during the term of the franchise | Non-competition covenants during the term of the franchise | Section 11.01 |
| r. Non-compete covenants after the franchise is terminated or expires | Non-competition covenants after the franchise is terminated or expires | Section 11.01 |
| s. Modification of the agreement | Sections 12.02 | Includes assignment and transfer of contracts, security interests and ownership change. |
| t. Integration/merger clause | Section 16.07 | Only the terms of the multi-unit development agreement are binding (subject to state law).<br><br>Any other promises may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document. |
| u. Dispute resolution by litigation or mediation | Section 15.02 | Except for certain claims, all disputes must be mediated and litigated in Utah County, Utah, subject to state law (see state specific addenda). |
| v. Choice of forum | Section 16.02 | Mediation and Litigation, if any, must be in Utah County, Utah, or the state of our |

| THE FRANCHISE RELATIONSHIP<br><br>**This table lists certain important provisions of the Multi-Unit Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document**. | | |
|---|---|---|
| **Provision** | **Section in Multi-Unit Development Agreement** | **Summary** |
| | | then current headquarters (subject to state law). |
| w. Choice of law | Section 16.02 | Utah law and the United States Trademark Act apply (subject to state law). |

## ITEM 18

## PUBLIC FIGURES

We do not use any public figure to promote our franchises. You have no right to use the name of any public figure for purposes of promotional efforts, advertising or endorsements, except with our prior written consent. No public figure has any investment in the System or us.

## ITEM 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting David Nibley at 610 South 850 East, Lehi Utah 84043, dnibley@meltyway.com and 801-735-8262, the Federal Trade Commission, and any appropriate state regulatory agencies.

**ITEM 20**
**OUTLETS AND FRANCHISEE INFORMATION**

**(Unit Franchises)**

**Table No. 1**
**Systemwide Outlet Summary**
**For Years 2019 to 2021**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Company-Owned | 2019 | 2 | 2 | 0 |
| | 2020 | 2 | 2 | 0 |
| | 2021 | 2 | 2 | 0 |
| Total Outlets | 2019 | 2 | 2 | 0 |
| | 2020 | 2 | 2 | 0 |
| | 2021 | 2 | 2 | 0 |

**Table No. 2**
**Transfers of Outlets from Franchises to New Owners**
**(Other than the Franchisor)**
**For Years 2019 to 2021**

| State | Year | Number of Transfers |
|---|---|---|
| All States | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Total | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |

**Table No. 3**
**Status of Franchised Outlets***
**For Years 2019 to 2021**

| State | Year | Outlets at Start of Year | Outlets Opened | Termin-ations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| All States | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 4**
**Status of Company-Owned Outlets**
**For Years 2019 to 2021**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Utah | 2019 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 2019 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |

**Table No. 5**
**Projected Openings for 2022**

| State | Franchise Agreements Signed but Outlet Not Open | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| UT | 0 | 1 | 0 |
| Total | 0 | 1 | 0 |

Exhibit D lists the names of all of our operating Unit franchisees and their addresses and telephone numbers as of December 31, 2021. Exhibit D lists the Unit franchisees who have signed Franchise Agreements for which were not yet operational as of December 31, 2021, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Unit franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

None of our Unit franchisees have signed confidentiality clauses with us during the last three years which would restrict their ability to speak openly about their experience with us.

## ITEM 21

## FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit "E" are our: 1) audited financials for the year ended December 31, 2022; and 2) unaudited financials as of June 30, 2022. We have not been in business for three years or more, and cannot include all the financial statements required by the rule for its last three fiscal years.

## ITEM 22

## CONTRACTS

We have attached the following contracts: as Exhibit “B”, the Franchise Agreement and its Exhibits; as Exhibit “C”, the Confidential Information Application; as Exhibit “G” the Multi- Unit Development Agreement; as Exhibit “H”, and Deposit Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

## ITEM 23

## RECEIPTS

Exhibit J includes Receipts acknowledging that you received this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at this address or telephone number:

Melty Franchising, LLC.
610 South 850 East
Lehi, UT 84043
807-735-8262
dnibley@meltyway.com

# EXHIBIT A

## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about Melty Franchising, LLC

Our agent for service of process in the State of Wyoming is:

Capital Administrations LLC
1712 Pioneer Ave Ste 115
Cheyenne, WY 82001

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

| State | State Agency | Agent for Service of Process |
|---|---|---|
| CALIFORNIA | Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>Suite 750<br>320 West 4th Street<br>Los Angeles, CA 90013<br>(866) 275-2677 | Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>Suite 750<br>320 West 4th Street<br>Los Angeles, CA 90013<br>(866) 275-2677 |
| HAWAII | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96812<br>(808) 586-2727 | Commissioner of Securities of the Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96812 |
| ILLINOIS | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706 |
| INDIANA | Indiana Secretary of State Securities Division<br>Room E-1 11<br>302 West Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>State Securities Division<br>Room E-1 11<br>302 West Washington Street<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020 |

| | | |
|---|---|---|
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce,<br>Corporations and Securities Bureau<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913 |
| MINNESOTA | Minnesota Department of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Minnesota Commissioner of Commerce<br>85 7th Place East<br>Suite 500<br>St. Paul, MN 55101-2198 |
| NEW YORK | New York State Department of Law Bureau of Investor Protection<br>and Securities<br>120 Broadway, 23rd Floor<br>New York, NY 10271<br>(212) 416-8285 | Secretary of State<br>State of New York<br>99 Washington Avenue<br>Albany, New York 12231 |
| NORTH DAKOTA | Office of Securities Commissioner<br>Fifth Floor<br>600 East Boulevard<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner<br>Fifth Floor<br>600 East Boulevard<br>Bismarck, ND 58505-0510 |
| RHODE ISLAND | Department of Business Regulation Division of Securities<br>1511 Pontiac Avenue<br>Cranston, RI 02920<br>(401) 462-9527 | Director of Rhode Island Department of Business Regulation Floor<br>Division of Securities<br>1511 Pontiac Avenue<br>Cranston, RI 02920 |
| SOUTH DAKOTA | Department of Labor and Regulation<br>Division of Securities<br>124 South Euclid Suite 104<br>Pierre, SD 57501<br>(605) 773-4823 | Department of Labor and Regulation<br>Division of Securities<br>124 South Euclid Suite 104<br>Pierre, SD 57502<br>(605) 773-4823 |
| VIRGINIA | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>And United Corporate Services, Inc.<br>700 East Main Street, Suite 1700<br>Richmond, VA 23218 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P.O. BOX 9033<br>Olympia, Washington 98507<br>(360) 902-8760 | Director of Washington Financial Institutions<br>Securities Division<br>150 Israel Road<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| WISCONSIN | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 | Commissioner of Securities of Wisconsin<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 |

# EXHIBIT B

# FRANCHISE AGREEMENT

**FRANCHISE AGREEMENT**

By and Between

Melty Franchising, LLC

and

____________________________________

(Franchisee)

**MELTY WAY® FRANCHISE AGREEMENT**

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## MELTY FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into and made effective as of the ____day of______________________, 20___ by and between **Melty Franchising, LLC**, a Wyoming limited liability company (hereinafter referred as "Franchisor" and at times as "We," "Us" or "Our") and ____________________________________________________, LLC/INC. (hereinafter referred to individually and collectively as "Franchisee" and at times as "You" or "Your").

WHEREAS, We have developed a system for the operation of a quick serve restaurant known as Melty Way®, offering to the public gourmet grilled cheese sandwiches, soups and specialty desserts and other related products and services (hereinafter "Franchise Business" or "Melty Way® Business"). The system includes, among other things, specific Marks, interior design, store layout and décor, color schemes, standards Manuals, recipes, menus, operating procedures and marketing concepts, business format, specifications for certain equipment, food and supply items and confidential information (herein at times the "System" and at times the "Melty Way® System"); and

WHEREAS, We will provide You with Our Confidential Operations Manual, recipes manual and other manuals and materials as created by us (collectively "Manuals"); and

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

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

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

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

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

### ARTICLE I AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-transferrable, non- sublicenseable personal right to establish and conduct a Franchise Business as a Franchisee and the right to use the System and the Marks only in accordance as is specifically set forth herein. This right is granted for use only at a single location approved by Us ("Premises") within Your territory as set forth on Exhibit "B-1" attached hereto and by reference made a part hereof (hereinafter referred to as the "Territory"). You agree to operate Your Franchise Business at the Premises within the Territory approved by Us in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals.

1.1.1 Territory Rights. We will not establish or operate a traditional company- owned outlet, or grant to any person or entity a Franchise within the Territory using the same or similar System as that licensed by this Agreement; provided however, We may open outlets located in non-traditional locations, such as airports, national accounts, and sports venues that We or Our affiliate may develop in the future at Our sole discretion. You are granted a protected territory, meaning that depending on the density of the population and the location of your Premises, We will generally not place another Melty Way® franchise unit within two (2) driving miles of Your Premises.

1.1.2 Population Increase. Your Territory may be reasonably adjusted based on increases in population. Generally, for every increase of 25,000 or more in the population of Your Territory, We have the right to sell or add an additional franchise unit in Your Territory. You have the right to operate within the Territory only from a single location approved by Us.

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

1.3 Franchisor Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein shall prevent Us from granting the right to establish or operate, or Ourselves establishing, owning and operating a Franchise Business or similar operation outside of the Territory. Furthermore, We or Our affiliate, either personally or through agents and representatives, reserve the right to market in Your Territory through various means, including, but not limited to the Internet, and to sell Melty Way® products through Our mobile food trucks and catering services and to sell non-traditional franchises (as listed above in Section 1.1.1) at Our discretion, both within and without Your Territory. You may not sell Our products and/or services using such reserved marketing strategies and distribution channels without Our prior written permission. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among others, the right, in Our sole discretion: 1) to grant other franchises or licenses for Our trademarks in addition to those already granted to existing franchisees; and 2) to develop and establish other franchise or licensed systems for the same or similar products or services utilizing similar marks, or any other marks and to grant franchises or licenses thereto.

1.3.1 Catering Service and Food Trucks. If We provide catering services or make sales through Our food trucks in Your Territory, We will pay You six percent (6%) of the gross revenues derived from Our catering services or food trucks made within Your Territory. These payments will be made to You within thirty (30) days from the end of the month in which such revenue was derived by Us.

1.4 Entity Franchisee. If You are operating as a partnership, corporation, or limited liability company, You will provide to Us a corporate, limited liability company or partnership resolution signed by all directors, members or partners, as appropriate, designating the principal contact in connection with Your Franchise Business. This principal contact must be either a general partner, manager or controlling shareholder. Such representative will have the authority to speak for and bind You in all matters pertaining to this Agreement and Your Franchise Business. You agree not to use Our trade name or any other name similar thereto in the name of any corporation, partnership or other entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise.

1.5 Restriction of Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at a single location agreed to by Us within the Territory and shall not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory or in any other manner, except as may be allowed by this Agreement. You agree that the System may be modified by Us, from time to time at Our sole discretion. Therefore, among other things, We may modify, delete or add policies, procedures, programs, System requirements and specifications, Manuals, services, products, recipes, formulas and Marks, and You agree to accept, implement, and comply with all such changes. You agree to protect the System against disclosure to or use by unauthorized third persons or entities. You acknowledge that We have the sole rights in and to the System and that Your rights to use any of the System are granted by Us solely pursuant to the terms of this Agreement.

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

## ARTICLE II
## TERM AND RENEWAL

2.1 Term. This Agreement shall be effective when executed by both You and Us. The franchise term shall be for a period of five (5) years, unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the termination or expiration of this Agreement, and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Renewal. If You are not in default of the terms and conditions hereof and have: (a) complied with and timely met material terms and conditions of this Agreement throughout the initial term; (b) complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; (c) timely paid all monetary obligations owed to Us during the term of this Agreement; and (d) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business, You have the right to be awarded a renewal franchise ("Renewal Franchise") upon the expiration of the original term for an additional term of five (5) years by giving Us written notice by certified mail or personal delivery at least one hundred eighty (180) days and not more than one (1) year prior to the expiration date of the initial or renewal term. You may also be awarded additional renewal terms of five (5) years upon expiration of the first Renewal term as provided above for a total of twenty-five (25) years counting the original and renewal terms. Your failure to give such notice shall constitute an election not to renew. If You fail to renew for any reason but continue to operate Your Franchise Business, You will be deemed to have renewed on a month-to-month basis and You will be required to abide by Our then-current fees for royalty, advertising and others as set out in the Manuals. Your month-to-month Franchise Business may be terminated only by Us upon 30-day prior written notice for any reason whatsoever.

2.2.1 Commencement Date for Renewal Term. Said renewal term shall commence on the day following the expiration date of the initial or applicable renewal term.

2.2.2 Notice of Non-Approval. If We, after receipt of Your notice of election, decide for good cause, not to approve the Renewal Franchise, We shall give You such notice of non-approval as required by law, but in no event shall such notice of non-approval be less than sixty (60) days prior to the expiration of the applicable term.

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

2.2.4 Renewal Fee. If approved for a Renewal Franchise, You agree to pay Us a non-refundable Renewal Franchise fee of two thousand five hundred dollars ($2,500) at the time of execution of the first Renewal Franchise Agreement. The renewal fee will be reduced to one thousand two hundred and fifty dollars ($1,250) for each franchise unit once you have ten (10) franchise units opened. You will be obligated to pay royalties, advertising fees and other continuing fees charged by Us at the then-existing levels required to be paid by and under the policies established for new franchisees. In addition to the signing of the then-current form of Renewal Franchise Agreement, You acknowledge and agree that We can require You, at Your expense, to reasonably renovate, remodel, redecorate, resign, refixture and/or otherwise refurbish Your Franchise Business and Premises to the extent and in the manner reasonably specified by Us to conform with and bring it up to the standards and image of new franchises being opened and/or licensed by Us at the time the renewal takes effect. You and Your manager(s) must also attend and successfully complete any training, certification and other programs at such times and locations as We specify. You will pay the expense of travel, meals, lodging, and other related costs for such training.

## ARTICLE III INTELLECTUAL PROPERTY

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

3.2 Use of Intellectual Property. You have a non-exclusive right to use the Marks and other Intellectual Property only in connection with Your Franchise Business. You understand and agree that the use of the Marks, System and goodwill are all temporary benefits and expire with the termination or expiration of this Agreement. You expressly covenant that during the term of this Agreement and after the expiration or termination thereof, You will not: 1) directly or indirectly contest nor aid in contesting the validity of Our ownership of said proprietary names and Marks and copyrights; 2) in any manner interfere with or attempt to prohibit Our use of the Marks or copyrights and derivatives thereof or any other name that is or becomes a part of Our System; or 3) interfere with the use of the name, Marks or copyrights by Our other franchisees or licensees at any time.

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

3.4 Use of Marks. You will only use Our Marks licensed by this Agreement with the letters “TM,” “SM” or “®,” as appropriate as instructed by Us, whenever and wherever such Marks are used. In addition, You will not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You agree to use the Marks only in connection with the operation of Your Franchise Business and then only in the manner allowed by this Agreement and the operational standards established by Us from time to time. You agree not to use any Mark in connection with the performance or sale of any unauthorized service or product or at any location not approved in writing by Us.

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

3.4.2 Use in Advertising. You have the right to use the Marks and System only in the Territory at the agreed location only so long as You fully perform and comply with all of the conditions, terms and covenants of this Agreement and Our policies and procedures that We prescribe from time to time. You are prohibited from using any licensed name or Marks in connection with the sale of any product or service not expressly authorized in writing by Us. You are further prohibited from using the Marks in Internet advertising, catalog sales or as part of any web page or site, including Social Media sites without Our prior written approval. All other use of the Marks in advertising must be with Our prior written approval as set forth in the Operations Manual.

3.4.3 Modification of Marks. You agree that We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logo types and/or other symbols in connection with the operation of the licensed Franchise Business. In that event, You agree to bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives without obligations on Our part with respect thereto.

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

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

3.5 Copyrights. All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Us, and used with the Marks or in association with the System (“Copyrighted Materials”) are Our or Our affiliate’s sole and exclusive property. Additionally, all Copyrighted Materials whether created by You or any other person or entity retained or employed by You or Us are “work-for-hire” (“Work-for-Hire”) as defined in Section 101 of Title 17 of the United States Code (the Copyright Act) and are Our sole and exclusive property, and We are entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. If the Copyrighted Materials are not Works-for-Hire or rights in the Copyrighted Materials or do not automatically accrue to Us, You irrevocably transfer, assign and agree to assign to Us, Our successors and assigns, the entire right, title, interest and ownership in the Copyrighted Materials in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in these Copyrighted Materials, which You and the author of these Copyrighted Materials warrant and represent as being created by and wholly original with the author. You agree to execute any document necessary to effectuate the transfer and assignment. Where applicable, You agree to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Our right in the Copyrighted Materials as required in this Section. To the extent You have any moral or similar rights in the advertisement, materials or derivative, You expressly waive those rights.

3.6 Manuals. You agree that the Manuals and other material provided to You by or through Us shall remain Our sole property and must be returned to Us at Our discretion. You and Your partners, owners, members, managers, directors, officers or shareholders if any, and guarantors, if any (in this paragraph "You" or "Your" includes partners, owners, members, managers, directors, officers, shareholders, and guarantors) acknowledge that Our recipes, menus, formulations, product specifications and the contents of the Manuals provided to You by or through Us, and Your knowledge of Our recipes, menus, formulations, ingredients, processes, services, products, know-how and the System, are secret, unique and/or confidential and contain trade secrets and other material proprietary to Us. You agree not to disclose the contents of the Manuals and proprietary items or materials set forth above, to unauthorized persons and to use Your best efforts to prevent unauthorized disclosure to any person. Such disclosure would cause irreparable harm. You agree to return all Manuals and all copies of all or any parts thereof and all other documents containing confidential or proprietary information to Us upon the termination or expiration of this Agreement or at such times as may otherwise be directed by Us. You agree not to copy or otherwise duplicate in any format Our Manuals, recipes, formulas or any other proprietary materials.

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

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

3.9 Use of Name. You will file for a Certificate of Assumed or Fictitious Name or DBA in the manner required by the law in the state where Your Franchise Business is located so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement, designating Your assigned franchise unit number in such filing. You will display a standard sign and/or plaque, as may be provided or required by Us, at Your Franchise Business location indicating that the business is independently operated and owned as a franchised business.

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

3.11 Changes to the System. If You, during the term of this Agreement or any interim period, conceive or develop any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System, or any new trade names, trade and service marks, logos, or commercial symbols related to the System or any advertising and promotional ideas or inventions related to the System (collectively, the "System Changes") You will fully disclose the System Changes to Us, without disclosure of the System Changes to others, and will obtain Our written approval before using or implementing these System Changes. Any of these System Changes may be used by Us and all other franchisees without any obligation to compensate You. You will assign and do hereby assign to Us, all right, title and interest in and to the System Changes, including the right to grant licenses to any of these System Changes. At Our discretion, We reserve the right to make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such System Changes, and You will cooperate with Us in securing these rights. We may also consider such System Changes as Our property and trade secrets. At Our discretion, We may authorize You to utilize any System Changes that may be developed by You or other franchisees.

## ARTICLE IV
## CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. You are required to purchase or lease suitable real property from which to operate Your Franchise Business within three (3) months of signing this Agreement. You shall not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. You must hire a local Coldwell Banker commercial real estate broker familiar with retail/restaurant tenant representation to help You locate a site. The site must strictly comply with local zoning, state and federal laws, rules and regulations.

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

4.2 Construction. You must commence construction of the Franchise Business facilities in strict accordance with the plans and specifications approved by Us within three (3) months from the signing of this Agreement, and construction must be completed within six (6) months from the date hereof.

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

4.2.2 Abandonment of Construction. Abandonment of construction due to Your fault or neglect shall be grounds for terminating this Agreement.

4.2.3 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and fixturization do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within thirty (30) days after written notice from Us shall be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.3 Commencing Operations. You are required to commence operations within thirty (30) days following completion of Your Premises and shall give Us not less than thirty (30) days prior written notice of the opening. We have the right to inspect and approve Your Premises prior to opening.

4.3.1 Failure to Commence Operations. If You fail to commence operations within eight (8) months from the date hereof, this Agreement is subject to termination by Us, at Our option. You may be granted up to a three (3) month extension at Our discretion if You demonstrate a good faith effort in finding an approved site and completing the required improvements. You will not receive a refund.

4.4 Equipment. You are required to provide by purchase or lease all inventory, tools, and equipment as may be necessary for proper and efficient operation of Your Franchise Business and maintain such inventory, tools, and equipment in good working order.

4.5 Lease.

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

4.5.2 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement expires or for any reason is terminated by either You or Us. In such event, We shall have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. The Landlord's consent is attached hereto as Exhibit "B-6" and by reference made a part hereof.

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

4.6 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior approval.

## ARTICLE V
## FEES AND REPORTS

5.1 Initial Franchise Fee. If this Agreement is for the purchase of Your first Melty Way® Franchise, an initial franchise fee of $39,000 is payable to Us in one lump sum at the time of execution of this Agreement. If this Agreement is for the purchase of an additional Melty Way® Franchise, an initial franchise fee of $29,000 is payable to Us in one lump sum at the time of execution of this Agreement. The initial franchise fee is fully earned by Us and is non- refundable. No rights or privileges under this Agreement shall exist until the initial fee is paid in full.

5.2 Royalty Fee. You shall pay a non-refundable on-going weekly royalty of six percent (6%) of Your Gross Sales for Your franchise. The term "Gross Sales" includes the total of all sales of all products, goods or services sold or rendered by You and income of every kind and nature arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. "Gross Sales" excludes bona fide credits and returns for merchandise and also excludes amounts paid by You for sales or use taxes on the sale of any merchandise or services.

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

5.3 Advertising Fees.

5.3.1 Advertising Fund. In addition to the initial franchise fee and royalty, You agree to pay Us a weekly advertising fee of one percent (1%) of Your Gross Sales for Our advertising, marketing and promotion programs.

5.3.2 Local Advertising. You also agree to allocate and spend at least an additional one percent (1%) of Your Gross Sales for local advertising, marketing and promotion programs in Your Territory.

5.3.3 Advertising Cooperative. In the event a local advertising co-op is formed, You will be required to contribute to the advertising co-op as established and assessed by the co-op. This contribution may vary in the timing of the assessment, but will not exceed Your required annual local advertising amount in any single year. Monies spent for co-op advertising, if any, may be counted in satisfying the above-referenced local advertising requirement.

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

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

5.4.2 Payment and Report Due Date. All royalty and advertising fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Currently, the royalty and advertising fees as shown and calculated on the Gross Sales Report shall be due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account ("Operating Account" is defined as that account into which all receipts are deposited) not later than 3:00 p.m. on Monday of each week for the previous week's sales (Monday through Sunday) (the "Due Date"). We reserve the right to require daily payment of all royalty, advertising, and other fees in the future. You agree not to have more than one Operating Account. We may require that all reports and payments be submitted electronically. If We implement such a program You will participate in and comply with the program.

5.4.3 Late Fees. If the required royalty and advertising fees and Gross Sales Report or any other required reports are not timely received by Us as set forth above, an assessment of $25 per day for each day the fees are not received by Us, and $25 per day for each day the report has not been received by Us, up to a maximum of $500 per month per fee or report, which is not timely received by Us. These fines may be adjusted by Us from time to time in the Manuals.

5.4.4 Interest. In addition, all royalty, advertising fees and late fees not paid when due shall be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of ten percent (10%) per annum or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees or otherwise which exceed or violate any applicable legal restrictions.

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

5.4.6 Customer Complaints. If We handle a customer complaint against You, You must reimburse us for all related costs and pay us a fine of fifty dollars ($50) per incident.

5.5 Financial Statements. You shall provide Us with monthly financial statements, including a profit and loss statement in accordance with the standard profit and loss statement template and balance sheet template required by Us to be used by You in Your Franchise Business by the end of the following month. In addition, You shall submit to Us within ninety (90) days after the end of each calendar year during the term of this Agreement, a complete financial statement for the preceding calendar year, including profit and loss statement and balance sheet, which has been reviewed and certified by an independent public accountant. The financial statement and accompanying documents do not need to be audited unless specifically requested by Us, at Our discretion. You must also send Us a copy of Your state and local sales tax returns each quarter and a copy of Your annual income taxes each year. Such returns are to be received by Us no later than thirty (30) days following the filing due date.

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

5.5.2 Audit of Books and Records. In the event that any audit or investigation discloses a deficiency of two percent (2%) or more of the Gross Sales in the computation or payment of the royalty or advertising fee due Us, You shall immediately pay Us the amount of the deficiency, a fee of $500 for late charges, and You shall reimburse Us for the total expense of the audit or investigation, including, without limitation, the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Gross Sales for any time period or Your failure to retain and have available required records shall be deemed an understatement by more than two percent (2%).

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

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

5.8 Funding. You are solely responsible for obtaining all funding. Failure to obtain funding is grounds for termination of this Agreement.

## ARTICLE VI
## FRANCHISEE'S OPERATIONAL COVENANTS

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

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

6.1.2 Appearance and Customer Service. You shall establish and maintain a clean and attractive Premises and shall give prompt, courteous and efficient service to the public and shall otherwise operate Your Franchise Business in strict compliance with Our System and policies, practices and procedures contained in the Operations Manual or otherwise communicated to You in writing and promulgated or provided to You from time to time so as to preserve, maintain and enhance the reputation and goodwill of Our System. If Your Franchise Business is not maintained in a clean and attractive manner based on the standards of Our System as determined by Us, You may receive a fine or charge as provided in the Operations Manual, or this Agreement may be terminated at Our discretion. You may not alter, change or modify the System in any way without Our prior written consent and approval.

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

(ii) In addition, equipment, interior décor items, furniture, fixtures, wall coverings, uniforms, and signs must be purchased from sources designated or approved by Us.

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

6.1.3 Signage. You must have at least one (1) exterior and one (1) interior sign displaying Our Mark. In addition, You agree to have the number of additional signs as provided in Our Operations Manual. All signs to be used on, or in or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You agree to maintain all signs in good condition and to undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary. You are required to use the location's pylon/pole or monument sign.

6.1.4 Training. You and Your managers, if other than You, are required to attend and successfully complete Our training program prior to opening Your Franchise Business. The training program is described in Section 7.4.

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

6.1.6 Management. You are not required to personally participate in the direct and on-premise operation of Your Franchise Business. However, Your Franchise Business must be managed by either You or a designated manager who shall be required to devote his or her full time, attention and best efforts to the management and operation of Your Franchise Business. You agree to devote primary attention to Your Franchise Business. You and Your managers must work a sufficient number of hours and must maintain sufficient inventory, supplies and products and employ adequate personnel so as to operate Your Franchise Business at its maximum capacity and efficiency. You and Your manager(s) shall keep free from any conflicting or competing enterprises or any other activities which would be detrimental to or interfere with the operation of Your Franchise Business. You understand and agree that this Agreement is granted based on Your commitment to Your Franchise Business. The possible success of Your Franchise Business is largely a function of the time, skill and energy You devote to it. Absentee management significantly increases the risks associated with Your Franchise Business. Although We do not require You to be involved in the day-to-day on-premises management, You are required to participate in Your Franchise Business as follows:

(i) You must be directly responsible for all accounting, reporting and bookkeeping; and

(ii) You must attend and complete all training and retraining courses required by Us; and

(iii) You must attend any annual or special meetings of franchisees called by Us; and

(iv) You or Your trained and designated Manager must be directly involved with site selection, construction, remodeling and all financial components of the Franchise Business; and

(v) You or Your trained and designated Manager must be directly involved in all personnel decisions affecting the Franchise Business.

6.1.7 Operational Hours. You must operate Your Franchise Business at least six (6) days per week throughout the year (unless otherwise required by the developer or as otherwise approved by Us in writing) and at the hours We may designate. You or Your manager are not required to work a certain or minimum number of hours; however, You or Your manager must work sufficient hours and employ adequate personnel to operate Your Franchise Business at maximum capacity and efficiency.

6.1.8 Remodel and Upgrades. At Your expense, You agree to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish Your Premises from time to time as We may reasonably direct, but not more often than every five (5) years to conform to the building design, color schemes and presentation of trade dress, trademarks and service marks consistent with Our then-current public image, including, without limitation, structural changes, remodeling, redecoration of the furnishings and fixtures and décor and such modifications to existing improvements as may be reasonably necessary, such that all Our franchisees and franchise businesses may have a generally similar look and appearance. In the event You relocate Your Premises to a new approved location, You must bring Your new Premises up to Our then-current standards.

6.1.9 Your Employees. You are solely responsible for hiring, firing, managing and training Your employees. We do not assist You in the hiring of employees.

6.1.10 Insurance. You shall at all times during the entire term of this Agreement and at Your own expense keep in force, by advance payment or payments the following minimum insurance policies, which minimums may be adjusted from time to time: (a) comprehensive general liability insurance, contractual liability, broad form of property damage, products liability with amounts of $1,000,000 per occurrence and $2,000,000 in the aggregate bodily injury, and $1,000,000 property damage; (b) fire, theft, windstorm and extended coverage insuring Your inventory, equipment, personal property, furniture, fixtures, construction of Your improvements, and Your completed tenant improvements for the full replacement value; and (c) excess "umbrella" liability insurance in excess of the coverage in (a) and (b) above, without a limit of not less than $1,000,000. These policy amounts are required minimums, but Your lease agreement may require higher amounts with which You are required to comply. In the event of damage to Your Premises covered by insurance, the proceeds of any such insurance shall be used to restore the facility to its original condition as soon as possible (not less than 160 days) unless We consent otherwise in writing.

6.1.11 Policy Requirements. These policies shall insure both You and Us and Our officers, directors, members, and managers and Our and their nominees as additional insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation of Your Franchise Business licensed by this Agreement wherever it may be located. Said policies shall stipulate that prior to cancellation, termination or modification, We shall receive a thirty (30) day written notice of such event. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment within thirty (30) days of issuance thereof. In the event You fail to obtain insurance and keep the same in full force and effect, We may replace such insurance at Our discretion and You shall pay Us upon demand the premium cost thereof. Notwithstanding the foregoing, Your failure to obtain said insurance constitutes a material breach of this Agreement, entitling Us to terminate this Agreement. You will also procure and pay for all other insurance required by state or federal law, including, without limitation, worker's compensation insurance. We may raise insurance limit requirements by written notification or amendment to Our Operations Manual. Pricing.

We may, to the degree permitted by law, specify maximum and/or minimum pricing You may charge for products and services. You may charge any price for the product or service up to and including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. You will not advertise prices lower than Our suggested prices outside of Your Franchise Business Premises.

6.1.12 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications as they evolve over time. If in the future We adopt a different computer system, POS system or other system for the System, You must adopt it at Your expense. You must modify and upgrade, or change, at Your sole expense, Your computer system, POS system, hardware and software as We direct in writing from time to time. You will give Us full 24 hours 7 day a week access, including online access, and the right to "upload" or "download" information to and from all computer and other systems and to the information and data contained in them. You agree that You will not make any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors or otherwise of any computer hardware or software system. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems. You must use any software or programs, including accounting software and programs We designate from time to time.

(i) Retention of Records. You agree to record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us from time to time. You must have high speed, broadband Internet access at the levels required in the Manuals. You agree to retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all of Your other business records and related back-up material for at least three (3) years following the end of the year in which the items pertain.

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

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

6.2 Quality Control.

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

6.2.2 System Compliance. You agree to strictly follow Our System, the Manuals, systems, recipes, formulations, procedures, forms, services, design and décor, fixtures, and signs promulgated or provided by Us from time to time and to promptly implement such changes in Your Franchise Business. We may approve exceptions or changes from the uniform standards which We, in Our sole discretion, believe necessary or desirable. You have no right to object to such variance or to obtain the same variance for Yourself. You shall at all times maintain a valid email address, known and available to Us and frequently checked by You to facilitate Our communications with You. All mandatory specifications, standards, and operating procedures prescribed by Us from time to time in the Manuals or otherwise will constitute provisions of this Agreement as if fully set forth herein. We may deny any or all of the above services to You while You are in breach of this Agreement or in default in the discharge of any of Your obligations to Us.

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

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

(iii) Modifications. We have the right to make systematic and other changes to the System and operations including, but not limited to, change of concept, products, services, specifications, standards, operating procedures, equipment, software, methods, reports, forms and sales and marketing techniques. You agree to accept, be bound by, use, implement and display any such changes to the System or operations. You will make whatever expenditures are reasonably required to implement such changes or modifications. All creative concepts used in the System, whether created by Us or You or implemented in the System, belong exclusively to Us and may be used by other franchisees without compensation to You. We shall have complete ownership and control of any changes, modifications, enhancements or suggestions whether made or implemented by Us or You.

(iv) Inspections and Interim Management. You hereby consent to reasonable inspections and audits during normal business hours of Your Premises wherever located at reasonable intervals by Our duly authorized representative for compliance with the System and the standards and procedures set forth in the Operations Manual. Our inspection may include Your Premises, assets, non-competition/non-disclosure agreements, and all business records, including, but not limited to, all computer drives and electronic storage devices, POS system, reports, account records and tax records. We shall have the right to communicate directly with Your managers or assistant managers concerning all matters of an operational nature. Upon Our request, at all reasonable times, You will provide to Us (electronically or CD at Our election) a video and/or digital images of the interior and exterior of Your Premises as set forth in the Operations Manual. If We or Our independent service provider find that You are not incompliance, We have the option, at Our discretion, to manage Your Franchise Business until You have found a suitable replacement to act as Your manager(s). The fee for this interim management is set forth in Section 14.10.

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

6.2.3 Mystery Shopper Service. We reserve the right, from time to time, to evaluate the operation and quality of Your Franchise Business through the use of a secret shopper service provided by Us or a third party. We may use such service evaluations to inspect Your Franchise Business at any time at Our expense, without prior notification to You. We may make the results of any service evaluation available to You, in Our sole discretion.

6.3 Miscellaneous Obligations.

6.3.1 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, member, and owner managers respectively, who own twenty percent (20%) or greater interest, must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement.

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

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

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

## ARTICLE VII
## FRANCHISOR'S OPERATIONAL ASSISTANCE

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

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

7.1.2 Suppliers and Products. Provide You with a list of specifications and a list of approved or designated suppliers of Melty Way® food and beverage products, equipment, all logoed items and other items. We do not offer assistance in delivery or installation of any of these items.

7.1.3 Opening Assistance. Provide three (3) days of training at Your grand opening. The fee for this opening assistance is $2,500 if Your Franchise Business is located outside of Utah, and is $1,500 if located inside Utah. This amount is due and payable to Us not less than two (2) weeks prior to Your grand opening. This is a mandatory fee and non- refundable.

7.2 Operations Assistance. Furnish You with guidance relating to the general operation of Your Franchise Business and make Ourselves reasonably available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. However, for problems and training for Your POS system and other equipment and warranty items, You must consult with the respective manufacturer or supplier of those items. We do not warrant any item. We are not required to provide in-person assistance to You. If You feel additional assistance is necessary (such as management training or motivational training for staff), We will provide such assistance to You based on advance notice, availability of personnel and Your payment of compensation at a rate of $100 per day per person, or at such other rate as may be in effect at the time, plus the cost of food, travel and lodging incurred by Us. In addition, We may provide You with such continuing advisory assistance in the operation of Your Franchise Business as We deem advisable.

7.3 Warranties. The respective manufacturers may replace defective equipment, products or software and other items purchased pursuant to the standard limited warranties of the manufacturer, and You agree to look to the manufacturer for any defective equipment, products or software. We do not manufacture any equipment, products or software and do not warrant any item.

7.4 Training. We will train You in the various practices, policies and procedures of operation of Your Franchise Business in Our training program. This training shall take place in Lehi, Utah, or another location designated by Us. You and Your manager, if separate from You, are required to attend and successfully complete the training program at least two (2) weeks prior to the opening of Your Franchise Business. The length of training is generally 6-10 days, but could be longer if You or Your designated manager fails to successfully complete the training. Successful completion will be determined by Our trainers but may include demonstrating knowledge of basic policies and procedures, food preparation, minor equipment assembly, assembly, daily operations, portion control, equipment maintenance sanitization, record keeping, computer system competency, advertising, marketing, and customer service. Failure to successfully complete training is a default of this Agreement. The training instruction is provided by Us without charge to You for up to three (3) persons; however, You must bear Your own travel, lodging, meals and all other living costs and expenses and salaries as well as those of Your employees at the training session.

7.4.1 New Manager Training. We may provide training for Your new managers as required by Us at Our then-current fee. Our current fee for such additional training at Our facility is one hundred dollars ($100) per person per day to be trained. You must also bear the costs of travel, food, lodging and salaries of Your employees in connection with this training. We will train Your new manager at Your place of business for a fee of one hundred dollars ($100) per day, plus Our expenses for transportation, food and lodging of each instructor. If required, Your new manager must be successfully trained within sixty (60) days of hire. In Our discretion, We may also train Your other employees as requested by You for the same charges and expenses.

7.5 Inspections. In Our sole discretion, We may conduct periodic evaluations and inspections of Your Franchise Business covering such things as System compliance, customer service, cleanliness, operating procedures and reports. We will outline written reports any suggested changes or improvements for the operation or management of Your Franchise Business or detail any defaults in operations which become evident as a result of any such evaluation or inspection. Fines and charges may be assessed for failure to meet Our evaluation or inspection standards in accordance with Our Manuals for such defaults, plus Our costs, or termination of this Agreement, in Our sole discretion. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, bulletins or other written materials, telephone consultations and/or consultations at Our offices or at Your Franchise Business in conjunction with an inspection of Your Franchise Business.

## ARTICLE VIII
## PURCHASE OF PRODUCTS

8.1 Approved Products and Services. You agree to use, carry and serve only those menu items and other inventory items, and products, goods and services as may be specified and approved by Us in writing and in accordance with Our Operations Manual. You agree to promptly add, remove or modify any such food, beverage or other product or service upon notice from Us. You are prohibited from selling, leasing or offering any products or services not authorized by Us in writing.

8.2 Product and Service Specifications. You agree that all Melty Way® menu items, recipes, formulations, goods, products and services purchased, served/used or sold by You must strictly meet Our specifications. We or Our affiliate may derive revenue from the sale of the above items through mark-ups in prices We charge to You for goods and supplies purchased from Us or We may receive a fee or discounts from the supplier of such items. You agree that We and/or Our affiliates shall be entitled to such fees and/or other consideration. Any monies paid to Us for goods or services are non-refundable.

8.3 Unapproved Suppliers. If You desire to purchase or sell any items from an unapproved supplier, You must submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, ingredient lists and other data to permit Us to ascertain whether any such items meet Our specifications. We will notify You in writing and within a reasonable time as to whether such item, equipment or supplies meets Our specifications. Prior to testing, You will be required to pay Our reasonable costs and expenses of testing. A supplier who is able to provide equipment and/or supplies meeting Our specifications may become an approved supplier for Your Franchise Business only or for the System as a whole. We may, from time to time, make changes or alterations in the standards and specifications for the above items and approved suppliers. Should We approve a new product or item, the rights in and title to such items shall become Our property. At Our discretion, We may revoke Our approval of an approved supplier upon thirty (30) days written notice to You.

## ARTICLE IX
## MANUALS

9.1 Manuals. We will loan You a copy of or allow electronic access to the proprietary and confidential Manuals. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property.

9.1.1 Modification. We have the right to add to and otherwise modify and change the confidential Manuals in any manner We deem to reflect changes in products, services, the System, specifications, standards and operating procedures, including sales and marketing techniques relating to Your Franchise Business and systematic changes, and You agree that We have the right to make any such changes, alternatives or deletions and to specify other systems, procedures or forms in Our sole discretion. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time periods that We specify. We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement. The master copy of the confidential Manuals maintained by Us at Our principal office will be controlling in the event of a dispute relative to the contents of the confidential Manuals. You will promptly and continuously comply, at Your expense, with all provisions of, and modifications or changes to the Manuals.

9.2 Standards and Procedures. We may establish, from time to time, performance procedures, standards and specifications for the operation of Your Franchise Business and the products and services provided. We may change or update these procedures, standards and specifications at Our discretion. You must strictly follow these procedures, standards and specifications. Failure to do so is grounds for termination of this Agreement

## ARTICLE X
## ADVERTISING

10.1 Advertising Fund Administration. We have the right to institute, maintain and administer a national advertising, marketing and development fund (referred to as the "Advertising Fund") for such advertising, marketing or public relations programs as We, in Our sole discretion, may deem necessary or appropriate to advertise and promote the System, and in which You must participate. The fees for the Advertising Fund are listed in Section 5.3.1. We will direct all such programs, with sole discretion over 1) the creative concepts, materials, endorsements and media used in connection with such programs; 2) the source of the advertising or public relation efforts; 3) the placement and allocation of such programs; and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Advertising Fund can be operated through an entity separate from Us that has all rights and duties of Us relating to the Advertising Fund. We reserve the right to use fees from the Advertising Fund to place advertising in national or regional media (including broadcast, print or other media). We are not required to spend any amount on advertising directly in Your area or Territory. We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We will not be liable for any act or omission with respect to the Advertising Fund or otherwise which is consistent with this Agreement or which is done in subjective good faith. You understand that some franchisees may have different advertising fees or other obligations from those described in this Agreement. The Advertising Fund may be used, in Our reasonable discretion, to reimburse Us for costs related to the administration of the Advertising Fund and any advertising, promotion and marketing efforts intended to benefit the System. You will participate in all marketing programs instituted by the Advertising Fund or by Us. We may receive payment for providing goods or services to the Advertising Fund. The Advertising Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement and We disclaim any such relationship. Advertising funds will not be used to solicit additional franchisees. Any unused advertising funds in any calendar year will be applied to the following years' fund. You may request an unaudited annual report of advertising expenditures within ninety (90) days of the end of each year.

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

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

10.4 Promotional Materials. We may, at Our discretion and as available from time to time, send to You promotional materials and bulletins developed by Us or on Our behalf, new marketing developments and new or improved marketing techniques, which You agree to use in Your Franchise Business.

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

10.5.1 Advertising Compliance. You agree that all advertising and promotional activities must be done in strict compliance with Our Operations Manual and in good taste and must reflect favorably upon Us and the System. You agree to submit to Us, prior to publication, copies of all advertising, promotional and public relations materials, proposed to be used by You, including without limitation, any use of the Internet, or other electronic or Social Media along with a description of how it will be used, by what media published and such other information thereon as may be reasonably requested by Us. All use of the Internet, or other electronic or Social Media by You in connection with Your Franchise Business will be specified by Us from time to time and We can prohibit or condition any use by You of the Internet, or other electronic or Social Media in Our discretion.

10.6 Internet and Social Media. You may not create a website, Social Media site or engage in advertising on the Internet without our prior written approval. You may not claim any web listing on sites such as Yelp or Yellowpages.com. You must strictly comply with the policies and procedures established by Us regarding websites, Social Media and Internet advertising. Failure to comply with these policies and procedures is considered a breach of this Agreement.

10.7 Your Obligations to Advertise. We will work together to develop plans for growth, capturing market share and name recognition. Neither We nor You are restricted from advertising Your Franchise Business in the Territory. You must actively market, promote, develop and sell only Melty Way® products and services within Your Territory. You shall not engage in any business that may conflict with Your obligations hereunder. Except for the rights expressly given to You there will be no limitation on Our rights to deal with potential or actual customers located anywhere.

## ARTICLE XI
## BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach or violate any material term, condition or provision of this Agreement in any respect or default in the performance or fulfillment of any material term or provision of this Agreement, including, without limitation, those breaches set forth herein below. Sections 11.1 A-M, provide a specified cure period for certain breaches or defaults, while Sections 11.1 N-BB list non-curable breaches or defaults. This Agreement will terminate automatically at the end of its term as specified in Section 2.1.

15-Day Cure Period:

A. Failure to Pay. You fail to pay any franchise fee, royalty fee, purchase price, advertising fee, transfer fee, renewal fee, or for any product or other amounts due to Us, Our affiliates, or other designated, approved or other suppliers or assigns, within the time period specified for such payments by this Agreement, the Operations Manual or an agreement specifying the payment concerned.

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

30-Day Cure Period:

A. Failure to Open. You fail to open Your Franchise Business and commence operations within eight (8) months of the date hereof or otherwise forfeit the right to transact Your Franchise Business.

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

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

D. Failure to Transfer. Your heirs fail to affect an approved transfer within a reasonable time (not more than one hundred and sixty (160) days) following Your death or permanent incapacity (see Section 14.10).

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

F. Non-Promotion of Business. You fail to use Your best efforts in promoting and developing Your Franchise Business, You fail to advertise as required under this Agreement, You fail to participate in an advertising cooperative when established by Us in Your area, or if You fail to employ adequate personnel to operate Your Franchise Business at maximum capacity and efficiency.

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

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

I. Default Notice of Lease Agreement. You receive a notice of default under the lease agreement of the Premises.

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

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

No-Cure Period:

A. Unauthorized Closure. Your Franchise Business is closed for a period of ten (10) or more consecutive days without Our prior written approval, which consent shall not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

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

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

D. Repeated Breaches. You repeatedly breach the same or different conditions of this Agreement or the Manuals.

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

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

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

H. Abandonment. You abandon Your Franchise Business.

I. Unauthorized Transfer. You attempt to transfer, sell or assign all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or You attempt to purport to sublicense to another any of the rights, property licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

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

K. Crimes. You or any of Your owners, officers, directors, members, managers or principals commits or is convicted of or pleads guilty or no contest to, a felony, a crime involving moral turpitude or any other crime or offense that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Our interest therein.

L. Disparaging Remarks. You or Your owners, officers, directors, members, managers or principals make disparaging remarks against Us, Our management, the System, or the Melty Way® brand to Our other franchisees or in a public forum, including but not limited to, radio, television, newspapers, the Internet, and Social Media. Any such behavior shall be damaging to Our System and goodwill and shall be a material breach of this Agreement.

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

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

AA. Failure to Obtain Financing. You fail to qualify for or receive the necessary financing for Your Franchise Business.

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

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

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

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

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

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

11.3 Failure to Cure. Upon Your failure to cure any default within the time period specified in Sections 11.2.1 and 11.2.2 above, or if You commit a non-curable default as specified in 11.2.3 above, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement, and the pursuit of any one remedy shall not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, including, without limitation, penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby, including, without limitation: 1) improper use of the Marks or System; 2) unauthorized assignment of this Agreement; 3) violation of the covenant not to compete; and/or 4) Your failure to meet or perform Your obligations upon termination or expiration of this Agreement. If We secure an injunction or order of specific performance, You will pay all reasonable costs incurred by Us in obtaining the injunction, including reasonable attorney's fees.

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

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

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

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

## ARTICLE XII
## TERMINATION AND EXPIRATION

12.1 Upon termination, expiration or non-renewal of this Agreement for any reason, You shall cease to be Our licensed franchisee and shall:

12.1.1 Payments Due. Immediately pay for all product purchases, royalty and advertising fees and other charges, fees and obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Melty Way® business and immediately cease to advertise or in any way use the System, Marks, names, materials, methods, procedures, processes and other commercial property and symbols, or promotional materials provided by or licensed to You by Us or in any way connected with the Franchise or System. In this regard, You shall immediately and permanently cease using the Marks and any and all trade dress items whatsoever.

12.1.3 Disassociation. Take all necessary steps to disassociate Yourself from the System and Your Franchise Business, including, but not limited to, the removal of signs, destruction of letterheads, changing of telephone listings, telephone numbers, Internet sites and web pages and the like and to assign and transfer the telephone listing, telephone numbers, e- mail addresses, URL's, home and other web pages and Social Media pages to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, and Social Media pages and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers.

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

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

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

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

12.1.8 Pay Damages. Pay to Us all costs, damages and expenses, including, but not limited to, reasonable attorney's fees incurred by Us in obtaining injunctive or other relief to enforce any provision of this Agreement.

12.1.9 Evidence of Compliance. Furnish evidence satisfactory to Us of compliance with this Article within thirty (30) calendar days after the termination, expiration or non-renewal of this Agreement.

12.1.10 Proprietary Information. Cease using or availing Yourself of any of Our proprietary or confidential information, software, hardware or other proprietary technology.

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

12.2 Upon termination, expiration or non-renewal of this Agreement for any reason:

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

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

12.2.3 No Equity. You will have no equity or other continuing interest in the System or the Marks.

12.3 Survival of Provisions. All of the provisions of this Agreement, which by their terms or implication apply following the expiration or termination of this Agreement, shall survive and shall apply following termination of this Agreement, including Your obligation to pay all amounts owed and You will continue to observe the confidentiality, non-competition and other restrictions of this Agreement and the provisions with respect to mediation, litigation and dispute avoidance.

12.4 Our Rights. If You continue to operate Your Franchise Business, after transfer, repurchase, termination or expiration, using any of the Marks or any aspect of the System, Our remedies will include, but will not be limited to, recovery of the greater of (a) all profits earned by You in the operation of Your business or similar business after such transfer, repurchase, termination or expiration; or (b) all royalties, advertising contributions and other amounts which would have been due if such transfer, repurchase, termination or expiration had not occurred.

## ARTICLE XIII
## PURCHASE OPTION

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

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your inventory, equipment, signs and accessories and other personal property relating to Your Franchise Business at the then-existing fair market value of such item or items as of the date of expiration or termination of this Agreement. If the fair market value is not agreed to by the parties, the fair market value will be established by an independent appraisal. The appraisal shall be done at Our expense by an appraiser selected by Us. No goodwill shall be considered associated with Your Franchise Business or said items. We must exercise this option within forty-five (45) days of such expiration or termination by giving written notice to You of Our intent to exercise Our option to purchase. Unless otherwise agreed by You, the purchase price as determined hereunder shall be paid in cash within the option period. If We have not notified You of Our election to exercise this option within the aforesaid forty-five (45) day period, it shall be conclusively presumed that We have elected not to exercise Our option and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose.

13.1.2 Assumption of Lease. Take over the lease for the Premises under the provisions of Section 4.5.3 above.

13.1.3 Warranties. The purchase contract for such assets and contracts, as set forth in Section 13.1.1 above, shall include standard representations, warranties, covenants and indemnities from You as to the assets and contracts being purchased, including without limitation, warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

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

## ARTICLE XIV
## SALES OR TRANSFERS OF THE FRANCHISE

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

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

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

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

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

14.5 Transfer Fee. As a condition of Our approving the transfer of Your Franchise Business, You agree to pay to Us a transfer fee of five thousand dollars ($5,000) to reimburse Us for Our reasonable legal, accounting, overhead, credit and investigation expenses incurred as a result of the proposed transfer; provided that We may reduce, defer or waive such fee in individual cases. The transfer fee is non-refundable and is only payable at the time of the approved transfer.

14.6 Permitted Transfers. If a proposed transfer is only among existing shareholders of a corporation or among members of a limited liability company franchisee, or among existing partners of a partnership franchisee, or by an individual or partnership franchisee to a corporation or limited liability company controlled and owned not less than sixty percent (60%) by You, including Your current owners, there will be no transfer fee, and We shall not be entitled to exercise Our right of first refusal. Each ownership certificate of a corporation or limited liability company franchisee shall have endorsed upon its face that assignment or transfer thereof is subject to the restrictions of this Agreement.

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

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

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

14.8.2 Written Proposal. The terms and conditions of the proposed transfer must be provided in writing to Us.

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

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

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

14.8.6 Transfer Fee. You must pay a five thousand dollars ($5,000) transfer fee to reimburse Us for Our reasonable legal, accounting and credit and investigation expenses and other costs.

14.8.7 General Release. You and each of Your owners must execute a general release to Us and Our affiliates of any claims You may have against Us, Our officers and directors relating to Your Franchise Business.

14.8.8 Receipt of FDD. The transferee shall sign a document stating that it has received a copy of the franchise disclosure documents at least 14 days prior to closing and that We have made no representations, promises, or covenants concerning the past or future success of the franchise.

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

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your assets, Franchise Agreement or Franchise Business or ownership in Your entity (collectively

"Assets") on such terms and conditions specified in a bona fide written offer from a third party, who would satisfy the criteria for approval under Section 14.3 other than a transfer to an entity owned at least sixty percent (60%) by You. You agree to notify Us in writing of the terms and conditions of the sale or other transfer, including Assets proposed to be transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed transfer, and all other pertinent provisions of the proposed sale or transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed transfer, including any additional data concerning the transaction requested by Us from You, We shall have forty-five (45) days in which to advise You in writing of Our election to have the Assets transferred, assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Assets proposed to be transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the transfer can be extended at Our option for up to thirty (30) days beyond the date originally indicated for the completion of the transfer in order to allow the completion of the transaction in a manner more convenient to Us. If You are a corporation or limited liability company, then the above right of first refusal provisions shall apply to the sale, pledge, assignment, trade or transfer of forty percent (40%) or more of the shares of the corporation, or ownership or membership interests in the limited liability company. If Your Franchise Business is not sold to such third party within three (3) months after We elect not to purchase the Assets, You must re-offer Assets to Us before You may sell to a third party. We have no obligation to purchase Your Assets.

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

14.10 Death or Incapacity and Management. In the event of the death or incapacity of an individual Franchisee or general partner or manager of Franchisee, the heirs or personal representative shall have the right to continue Your Franchise Business; provided that within a reasonable time (not more than one hundred and sixty (160) days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new managers and franchisees, including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to transfer Your Franchise Business. If a decision to transfer is made, the transfer procedures explained above will apply. If We are required to run Your Franchise Business for a time due to Your death, incapacity, unexcused absence or as otherwise allowed under this Agreement, We will charge an operation fee of two hundred fifty dollars ($250) per day per representative, plus Our costs of travel, food and lodging. In addition, You will continue to pay all royalties, advertising fees and other fees due under this Agreement.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to transfer to Your spouse or a third party all or any part of Your interest in this

Agreement and/or in any property related thereto, such an order will constitute a transfer of this Agreement and will cause the transferee to be subject to all of the terms and conditions concerning transfers set forth herein above.

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

## ARTICLE XV
## RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement nor in the franchise relationship constitutes You as Our partner, agent, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are responsible for the management and control of Your Franchise Business, including without limitation, its daily operations, managing and directing employees and sales persons and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees shall be deemed to be Our employee and each employee shall be so notified by You. As used herein, "Our" shall also mean Our predecessors, affiliates, officers, directors, members, managers, shareholders, employees, licensees, agents or others with whose conduct We are chargeable. Neither party shall act or have the authority to act as agent for the other, and neither You nor We shall guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You agree to post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You agree to defend, indemnify, and hold Us harmless and any of Our officers, directors, shareholders, agents, members, managers and employees, or licensees, from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors or omissions in the operation of Your Franchise Business or Your Franchise Business generally.

## ARTICLE XVI
## COVENANT NOT TO COMPETE

16.1 In-Term Covenants. You and We share in a common interest in avoiding situations where persons or companies who are or have been Melty Way® franchisees operate or otherwise become involved with a substantially similar competing business either during or after the term of this Agreement. During the term of this Agreement and for any extensions or renewals hereof, You agree that neither You nor Your family, nor Your shareholders, owners, partners, directors, members, managers, officers, agents, principal employees, nor any partner in a partnership franchise, shall own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any wholesale or retail fast food, fast casual, quick serve or similar business or other business offering products or services the same as or substantially similar to Your Franchise Business or the System in any capacity or location, except with Our prior written consent. Your owners, members, directors, officers, managers and shareholders shall execute the standard Non-Disclosure and Non-Competition Agreement for Principals attached as Exhibit "B-3" and Your principal employees must execute Our Employee Confidential Information Non-Competition Agreement as attached hereto as Exhibit "B-4," and Our Confidential Recipe Agreement attached hereto as Exhibit "B-5." A copy of all such agreements shall be promptly delivered to Us within one (1) week of its execution. We do not represent that this form will be enforceable in Your state. You agree, at Your expense, to have these non-competition agreements reviewed by legal counsel in the state where Your Franchise Business is located.

16.2 Confidentiality. You, and those persons with any interest in Your Franchise Business as heretofore described or in any manner whatsoever, agree that at no time, either during the term of this Agreement, any extensions or renewals hereof, or at any other time will he, she or they or any of them or those over whom they have control make any unauthorized disclosure or use of Our Confidential Information. We will disclose the Confidential Information to You when rendering guidance and assistance to You under the terms of this Agreement, including by way of example, furnishing the Operations Manual. You acknowledge and agree that the Confidential Information is proprietary, involves Our trade secrets and is disclosed to You solely on the express condition that You agree not to use the Confidential Information in the operation of any other fast food, fast casual or quick serve business or other business, to maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, not to make any unauthorized copy, duplicate, record, or otherwise reproduce all or any portion of the Confidential Information disclosed in written form, to never contest the validity of Franchisor's exclusive ownership of and rights to the System or the Confidential Information and to adopt and implement all reasonable procedures prescribed from time to time by Us to prevent unauthorized use or disclosure of the Confidential Information.

16.3 Post-Term Covenants. Upon termination or expiration of this Agreement for any reason, or any transfer, repurchase or termination of Your rights hereunder and for a continuous, uninterrupted period of two (2) years thereafter, neither You, nor Your family, nor any of Your members, owners, partners, managers, officers, directors, agents or principal employees, shall, directly or indirectly, participate as an owner, operator, shareholder, director, partner, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, franchisee or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in the sale or offering of products or services similar to Ours or using a business format which is the same as or similar to Our System within Your Territory or within twenty-five (25) miles of Your Territory or within twenty-five (25) miles of the territory of any System franchise or Melty Way® business operation. You shall not divert or attempt to divert any business of or any customers of any System franchise or Melty Way® business operations to any other competitive establishment, by direct or indirect inducement or otherwise.

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

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

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

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

16.8 Our Remedies. If the post-term restrictions of this Article are unenforceable or are reduced to a level which We, in Our reasonable business judgment, find unacceptable, We may, in addition to any other remedies available to Us, require You, for a period of two (2) years from the date of termination or expiration of this Agreement, to pay a fee of one-half (1/2) of the royalties and advertising fees, which would be payable if the business in question was a Melty Way® Franchise Business.

16.9 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article XVI be enforced to the fullest extent permissible under applicable laws. You understand and acknowledge that We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant shall be fully enforceable notwithstanding any other provision of this Agreement.

## ARTICLE XVII
## DISPUTE RESOLUTION

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

17.2 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") shall arise between Us or Our subsidiaries, parents and affiliates and each of Our respective shareholders, managers, officers, directors, members, agents, employees and attorneys (in their representative capacity), if applicable, and You or Your entity owners, guarantors and employees, officers, directors, members, managers, agents, and attorneys (in their representative capacity), if applicable, in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute shall be:

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

17.2.2 Mediation. During the term of this Agreement certain disputes may arise that you and we are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, officers, directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to mediation before either of us may file a lawsuit proceeding under Section 17.2.3 as it relates to any claim, controversy or dispute.

(i) The mediation shall be conducted by LeBaron Law and Mediation (https://www.lebaronlaw.com<https://www.lebaronlaw.com/>) in Utah County, Utah, or as we and you otherwise agree. The costs and expenses of the mediation, including the mediator's compensation and expenses (but excluding attorneys' fees incurred by either party), will be paid by the Party (you or us) who seeks resolution of the dispute with the first Five Thousand Dollars be paid to the Mediation Service by the Party seeking resolution of a dispute, and the remaining amount, if any, being paid equally by both Parties..

(ii) Mediation will consist of two parts. The first is to attempt to come to a mutual agreement on how best to exit under the circumstances. If this cannot be met then we move to the second, which is to have you sign a release and both parties use best efforts during an eight (8) month period of time to sell the franchise. We will use our digital marketing sources to focus in your specific area to get potential candidates for us to sell your franchise to. This will happen before any other type of legal action is taken by either party.

(iii) Notwithstanding the foregoing provisions of this section 17.2.2, your and our agreement to mediate shall not apply to any controversies, disputes or claims related to or based on the Marks or the Confidential Information. Moreover, regardless of your and our agreement to mediate, you and we each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief if warranted by the circumstances of the dispute.

17.2.3 Litigation. With respect to any controversies, disputes or claims that are not fully resolved through mediation as provided in section 17.2.2 above, the Parties irrevocably agree to submit themselves to the jurisdiction of the Superior Court of Utah County, Utah, or the U.S. District Court for the District of Utah and hereby waive any and all objections to personal or subject matter jurisdiction in these courts. You and we further agree that venue for any proceeding relating to or arising out of this agreement shall be the courts of Utah County, Utah, or those closest to our then-current corporation location. The following shall apply to any action brought under this Agreement:

(i) Agreed Limitations. Except for payments owed by one party to the other, any legal action (including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of two (2) years from the date of this Agreement or within one (1) year from the time the event in controversy is or should have been reasonably discoverable by You if more than two (2) years since the date of this Agreement.

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

(iii) Attorney’s Fees. The prevailing party in any legal action, appeal, or other action shall be entitled to recover the administrative costs of the proceeding, attorney’s fees.

## ARTICLE XVIII
## WAIVER

18.1 Waiver. Waiver by Us of any particular default by or obligation of You shall not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default.

## ARTICLE XIX
## REPRESENTATIONS

19.1 Representations. You understand that the success or failure of Your Franchise Business licensed by this Agreement depends, in major part, upon Your efforts. You represent and acknowledge that We have made no income guarantees or projections or any claims that You will be successful in Your Franchise Business licensed by this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us. Nothing in this Agreement requires You to waive reliance on representations made in the disclosure document.

## ARTICLE XX
## NOTICES

20.1 Notices. All notices permitted or required under this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt;
(iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) through the email address below or other verified email address when confirmed by receipt verification, or (v) by certified or registered mail, return receipt requested, three (3) days after deposit in the mail addressed as follows:

**FRANCHISOR:**

Melty Franchising, LLC
610 South 850 East
Lehi, UT 84043
(or Our then-current headquarters)
Email: dnibley@meltyway.com

**FRANCHISEE:**

________________________________
________________________________
________________________________
________________________________

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

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

## ARTICLE XXI
## ATTORNEY'S FEES

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

## ARTICLE XXII
## CONSTRUCTION AND JURISDICTION

22.1 Governing Law. Except as provided in Section 22.4, this Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Utah. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms shall be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect. All words in this Agreement shall be deemed to include any number or gender as the context or sense of this Agreement requires.

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

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

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

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

## ARTICLE XXIII
## MISCELLANEOUS

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

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

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

23.4 No Partial Payments. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, shall be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

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

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

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

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

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

23.10 Entire Agreement. This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between You and Us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both You and Us, except that we may modify the Operations Manual at any time as provided herein. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document. its exhibits and amendments.

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

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

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

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

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

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

23.17 Representations of Non-Violation. You represent and warrant that You or if You are an entity, that Your officers, directors, shareholders, members and/or managers may enter into this Agreement and that the execution and performance of this Agreement shall not be in violation or breach, or cause the violation or breach, of any agreement or covenant between them or any of them and any third party or the violation or breach of any order, decree or judgment of any court or administrative agency.

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

23.19 State-Specific Addenda. Exhibit "B-8" as addenda that are specific to states that have their own franchise requirements. If you are in one of these state, you will need to execute the addendum applicable for that state.

23.20 Non-Disparagement. Franchisee and its officers, members, managers, shareholders, employees, agents, and assigns, or any family member of such persons, shall not openly make or publish statements which disparage or defame the Franchisor or any of its officers, members, managers, shareholders, employees, agents, and assigns. If you violate this provision you shall be in default of this Agreement if you do not immediately cease and desist making and/or unpublishing (as applicable) such disparaging or defamatory statements within three (3) days of written notice from the Franchisor, which notice may be in the form of an email. If you fail to cure your default, the Franchisor shall have the right to fine you $5,000 per day for every day until you cease making such disparaging or defamatory statements and/or unpublishing any writing containing such disparaging or defamatory statements. If such conduct or action (or publication) continues for more than ten (10) days after you are notified, the Franchisor shall have the right to immediately terminate this Agreement. Franchisee understands that a per day fine is reasonable because it would be difficult to ascertain the damage done to Franchisor if you breach this provision. For purposes of this provision, a person shall be deemed to have violated the prohibition against making a disparaging or defamatory statement if the person makes an untrue or unsubstantiated statement that is substantially likely to injure the Franchisor's reputation, or the reputation of any of the Franchisor's officers, members, managers, shareholders, employees, agents, and assigns, either in writing or verbally.

## ARTICLE XXIV
## DEFINITIONS

24.1 "Confidential Information" means any information relating to Your Franchise Business, the Melty Way® Products or the development or operation of a Melty Way® unit or relating to the System as a whole, including without limitation: (i) methods for the preparation of Melty Way® Products; (ii) Our recipes, including, ingredients, flavors, composition, mixes, spices, sauces, and dressings, preparation and formulation, methods, techniques, formats, layout, trade dress, specifications, software, systems, procedures, sales and marketing programs and techniques and knowledge of an experience in the development and operation of Melty Way® units; (iii) knowledge of, specifications for, and suppliers of, certain Melty Way® Products, materials, supplies, equipment, furnishings and fixtures; (iv) knowledge of operating results and financial performance of Melty Way® units; (v) Our strategic plans and concepts for the development, operation, or expansion of Melty Way® units of the System; (vi) the contents of Our Manuals or any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship; and (vii) all Intellectual Property.

24.2 "Intellectual Property" means all parts of the System particular to Us and shall collectively include all Marks, copyrights, systems, software, recipes, formulations, operations, and Manuals.

24.3 "Melty Way® Product" means any and all of the food, beverage, logoed, products and menu items that are sold or offered for sale by Us, Our affiliates, or by licensees or franchisees of Us at a Melty Way® unit.

24.4 "Operations Manual" consists of one or more Manuals, technical bulletins or other written materials and may be modified by Us periodically. The Operations Manual may be in printed or in an electronic format in Our discretion. We reserve the right to require You to use an electronic version of the Operations Manual and to require You to access the document using the Internet or an intranet created and supported by Us. You understand and agree that it is unlawful and a criminal offense to duplicate or reproduce any copyrighted or other proprietary materials.

24.5 "Marks" means the federally registered and common law trademarks owned by Us, whether now or later developed, and licensed to You for use only in association with Your Franchise Business, including, but not limited to, Melty Way®, and the Melty Way® logos. "Marks" shall also include any and all trade names, trademarks, logos and/or other commercial property or symbols licensed to You pursuant to this Agreement or used in connection with the System or later added to the System.

24.6 "Social Media" means any and all websites and web pages for social interaction, business promotion, advertising, and other online information communications, including without limitation, Facebook, Linked In, Pinterest, Twitter and the like.

24.7 "We" or "Us" means Our predecessors, affiliates, and Our officers, directors, shareholders, members, managers, employees, agents, Development Agents, or others with whose conduct We are chargeable.

24.8 "You" or "Your" shall include all signers of this Agreement, including all guarantors and shall include all members, shareholders and managers and officers if this Agreement is signed by a company.

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

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

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

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

| | |
|---|---|
| **FRANCHISOR:** | **FRANCHISEE:** |
| **Melty Franchising, LLC**<br>**LLC/INC.** | **____________________________,** |
| By: __________________________________<br>Its | By: ________________________________<br>Its,____________________(title) |

By: _________________________________________________________________________________ ______________________________________________________________________, personally (if no entity formed to sign)

By: _________________________________________________________________________________ ______________________________________________________________________, personally (if no entity formed to sign)

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

On the_______day of_________________, 20____personally appeared before me______________,who duly acknowledged to me that he or she executed the above individually.

______________________________
NOTARY PUBLIC

On the_______day of_________________, 20____personally appeared before me______________,who duly acknowledged to me that he or she executed the above individually.

______________________________
NOTARY PUBLIC

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

The undersigned shareholders/members of the Franchisee, hereby execute, guaranty and agree to be bound by the terms and conditions of the Melty Way® Franchise Agreement, dated the_____day of _________________, 20___.

By:_______________________________________
Signature
Print Name:___________________________
Ownership: MEMBER/SHAREHOLDER

By:_____________________________________
Signature
Print Name: _________________________
Ownership: MEMBER/SHAREHOLDER

By:_______________________________________
Signature
Print Name:___________________________
Ownership: MEMBER/SHAREHOLDER

By:_____________________________________
Signature
Print Name: _________________________
Ownership: MEMBER/SHAREHOLDER

**THE SIGNATURE OF EACH PERSON SIGNING ABOVE MUST BE NOTARIZED**

On the_______day of_________________, 20____personally appeared before me______________,who duly acknowledged to me that he or she executed the above individually.

_______________________________
NOTARY PUBLIC

On the_______day of_________________, 20____personally appeared before me______________,who duly acknowledged to me that he or she executed the above individually.

_______________________________
NOTARY PUBLIC

**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement, dated the day of ______________ 2013, by Melty Franchising, LLC, "Franchisor" and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby guaranty the full performance of the terms and conditions of and liability for the aforesaid Franchise Agreement and related documents.

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

Guarantor agrees that any claims, controversy, or dispute of Guarantor will be governed by the dispute resolution provisions of Article XVII of the Franchise Agreement which Article is incorporated herein and by reference made a part hereof. Guarantor agrees that all litigation and mediation will take place exclusively in Utah County, Utah and Guarantor hereby submits to the jurisdiction of the federal and state courts of Utah.

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

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

DATED this______day of__________________________2013.

By:

______________________________________

______________________________________________________________, personally

By: ____________________________________________________________________________________

______________________________________________________________, personally

**THE SIGNATURE OF EACH PERSON SIGNING THE PERSONAL GUARANTY MUST BE NOTARIZED**

On the___________________day of__________________, 20____personally appeared before me ___________________, who duly acknowledged to me that he or she executed the above guaranty individually.

______________________________

NOTARY PUBLIC

On the___________________day of__________________, 20____personally appeared before me ___________________, who duly acknowledged to me that he or she executed the above guaranty individually.

______________________________

NOTARY PUBLIC

**EXHIBIT "B-1"**
**TO THE FRANCHISE AGREEMENT**

**TERRITORY:**
**(Map may be attached)**

**APPROVED PREMISES LOCATION:**

**The Franchise Premises located at: ____________________________________, in the city or town of _____________,county of _________________, state of ____________________________.**

***(If you have not already located a site, see Site Location Agreement Addendum.)***

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

__________________________
Franchisee Initial and Date

__________________________
Franchisee Initial and Date

**EXHIBIT "B-2"**
**TO THE FRANCHISE AGREEMENT**

**COMPANY REPRESENTATIONS AND WARRANTIES**

You make the following additional warranties and representations: You

are a (check one):

□ Partnership □ Corporation
□ Sole Proprietorship □ Limited Liability Company

Name of Entity: ____________________________________________________________

State Entity was formed: ______________________________________________________

If You are a corporation, partnership, or limited liability company, there is set forth below the name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company, as well as the name of the shareholder, partner, or member who will attend training for the purpose of becoming an approved instructor (please print and type names):

| Name | Address | Shares & Percentage of Interest* |
|---|---|---|
| | | |
| | | |
| | | |

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

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

| Name | Title | Manager/Officer |
|---|---|---|
| | | |
| | | |
| | | |

The address where Your records are maintained is: ______________________________
____________________________________________________________________________.

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

Name: ______________________________________________________________________

Address: ____________________________________________________________________

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

Dated this________day of___________20___.

FRANCHISEE:

**_________________________, LLC/INC.**

By: __________________________________

Print Name:____________________________

Title:_________________________________

**EXHIBIT "B-3"**
**TO THE FRANCHISE AGREEMENT**

**PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT**

This PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT (the "Agreement") is entered into and made effective as of the ____day of_________________, 2020, by and between **Melty Franchising, LLC**, a Wyoming limited liability company (hereinafter referred to as "Franchisor" or the "Company") and the undersigned (referred to herein as "Principal").

WHEREAS, Franchisor has developed a system for the operation of a quick serve restaurant known as Melty Way®, which offers to the public gourmet grilled cheese sandwiches, soups, specialty desserts and other related products and services (hereinafter "Melty Way® Business"). The system includes, among other things, the right to use: specific trade names, trademarks and service marks, trademarked items, recipes, mixes, formulas, general store layout, décor, color schemes, operations, training procedures, marketing concepts and the sale of products under the name Melty Way® or other proprietary marks herein at times the "System" and at times the "Melty Way® System"; and

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

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

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

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

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

2. Non-Disclosure. Except as may be required under the Franchise Agreement, Principal will not, during the term of the Franchise Agreement and any renewal or successor franchise agreement or any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the business or interest of Franchisor or the System which he or she knows, or reasonably should know, is regarded as confidential and valuable to Franchisor, including, without limitation, recipes, mixes, spices, formulas, techniques, food preparation, store guide, teaching methods, standards, merchandising, sale of products and services, products, sourcing of products, techniques, marketing plans, pricing, accounting systems and procedures, specifications, manuals, business plans, suppliers, customer lists, technical designs or drawings that relate to the Franchise Business and the Melty Way® System.

3. Non-Competition. Principal will not, during the term of the Franchise Agreement and any renewals thereof, and for a continuous, uninterrupted period of two (2) years thereafter, nor permit or assist his or her family, nor any of his or her or its members, owners, partners, managers, officers, directors, agents or employees to, directly or indirectly, participate as an owner, operator, shareholder, director, partner, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, franchisee or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in the sale or offering of products or services similar to Franchisor's or using a business format which is the same as or similar to the System within Principal's Territory as set forth in the Franchise Agreement, or within twenty-five (25) miles of the Territory or within twenty-five (25) miles the territory of any System franchise or Melty Way® business operation at the time of termination or expiration of the Franchise Agreement. Principal shall not divert or attempt to divert any business of or any customers of the System or customers of any Melty Way® business operation to any other competitive establishment, by direct or indirect inducement or otherwise. The ownership of not more than 2% of the voting stock of a publicly held corporation shall not be considered a violation of the foregoing provision.

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

5. Non-Solicitation of Customers. Principal will not, during the term of the Franchise Agreement and any renewal or successor franchise and for two (2) years thereafter, directly or indirectly, contact any customer of Franchisor for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between the Franchisee and the customer or Franchisor and the customer.

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

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

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

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

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

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

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

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

**FRANCHISOR:**

**Melty Franchising, LLC**

By:________________________________
Its

PRINCIPAL:

______________________________________
(Signature)
______________________, personally
(Print Name)

______________________________________
(Signature)
_____, personally (Print Name)

______________________________________
(Signature)
______________________, personally
(Print Name)

**EXHIBIT “B-4”**
**TO THE FRANCHISE AGREEMENT**

**EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

THIS EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT is entered into this________day of___________________, 20__, between ________________________ (“Franchisee”) and_____________________________________________(“Employee”), residing at ___________________________________________________________________________________.
[City] [State] [Zip Code]

A. Franchisee is the holder of a Melty Way® franchise and as such is the beneficiary of certain confidential and proprietary information of Melty Franchising, LLC

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

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

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

2. Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment and thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the business or interest of Franchisee or Melty Franchising, LLC, which he or she knows or reasonably should know is regarded as confidential and valuable to Franchisee or Melty Franchising, LLC, including, without limitation, recipes, mixes, sauces, techniques, food preparation, standards, merchandising, marketing, sale of products and services, specifications, pricing, accounting systems, procedures, sales, income, specifications, products, manuals, business plans, customer lists, technical designs or drawings that relate to Franchisee’s business, the Melty Way® System and franchise products, customers, suppliers and marketing plans.

3. Non-Competition. Employee will not, during the course of his or her employment by Franchisee, and for one (1) year thereafter, directly or indirectly in any capacity, without Franchisee’s prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in a business, which is competitive with or substantially similar to Franchisee’s business or the business of any other Melty Way® franchisee by becoming an owner, officer, director, shareholder, partner, associate, employee, agent, representative or consultant in any business operating or fast food or fast casual restaurant selling related products and services. The ownership of not more than 2% of the voting stock of a publicly held corporation shall not be considered a violation of the foregoing provision. Without limiting the generality of the foregoing, the minimum area of competitive nature shall be that area within a ten (10) mile radius of Franchisee’s place of business or within a ten (10) mile radius any place of business conducted by a franchisee of Melty Franchising, LLC or its parent, subsidiary or affiliates at the time of Employee’s termination of employment.

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

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

6. Return of Materials. At the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in his or her possession or deliver to anyone else) the Melty Way® records, data, designs, photographs, mixes, sauces, food preparation, recipes, notes, reports, proposals, lists, correspondence, specifications, materials, equipment, other documents or property, or reproductions of any such items belonging to Melty Franchising, LLC or Franchisee, or either of their successors or assigns relating to the Melty Way® business.

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

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

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

10. Survival of Covenants. All covenants made in this Agreement by Employee shall survive the termination of this Agreement.

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

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

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

FRANCHISEE:

______________________________

By:______________________________
Its ____________________

EMPLOYEE:

______________________________

______________________________
(Signature)

______________________________
(Print Name)

## EXHIBIT "B-5" TO FRANCHISE AGREEEMNT

## CONFIDENTIAL RECIPE AGREEMENT

This CONFIDENTIAL RECIPE AGREEMENT (the "Agreement") is entered into and made effective as of the ______day of____________________, 2013, by and between **Melty Franchising, LLC,** a Wyoming limited liability company (hereinafter referred to as "Franchisor") and the undersigned, which includes all members, shareholders and managers and officers if this Agreement is signed by a company (collectively referred to herein as "Recipient").

**R E C I T A L S:**

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

WHEREAS, Franchisor has developed confidential and proprietary mixes and recipes for the operation of Recipient's Melty Way® Franchise or Recipient's employer's Melty Way® Franchise and will continue to develop new recipes and revise current mixes, recipes and other menu items (collectively the "Recipes"); and

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

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

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

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

2. Non-Disclosure. Except as may be required under the Franchise, Recipient will not, during the term of the Franchise Agreement and any successor franchise or at any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any Recipe, including, without limitation, ingredients, procedures for making, temperatures, and measurements, and agrees not to copy said Recipes at any time. A copy of all such signed agreements shall be promptly (within 10 days) provided to Franchisor.

3. No Reverse Engineering. Recipient will not, either personally or in concert with others, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person with access to the Recipes to do so.

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

5. Irreparable Harm. Recipient hereby acknowledges and agrees that any breach by him or her of Sections 1 through 4 above, inclusive, will cause damage to Franchisor and the Melty Way® franchise system in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor shall be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any or all Recipients of any of the terms of Section 1 through 4 above, inclusive, without proof of actual damages or requirement to post bond that have been or may be caused to the Melty Way® franchise system or Franchisor by such breach.

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

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

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

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

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

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

12. Governing Law. The validity, enforcement, construction, rights and liabilities of the Parties and provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Utah. If for any reason court action is filed, Recipient consents to the jurisdiction of the courts of record in the State of Utah and agrees that proper jurisdiction and venue shall be exclusively in the state and federal courts of Utah County, State of Utah.

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

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

**MELTY FRANCHISING, LLC**
**a Wyoming limited liability company**

By: ________________________________

Print Name: __________________________

Title:_______________________________

**FRANCHISEE**

By: ________________________________

Title: ______________________________

By: ________________________________

Title: ______________________________

**EXHIBIT "B-6"**
**TO**
**FRANCHISE AGREEMENT**

**LANDLORD'S CONSENT TO ASSIGNMENT**

______________________________ ("Landlord") hereby consents to an Assignment of the lease agreement ("Lease Agreement") to Melty Franchising, LLC ("Franchisor") for the purpose of securing the obligations of __________________________________("Lessee" and Franchisor's franchisee) to the Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord shall not take any action to terminate said lease without first giving the Franchisor thirty (30) days' notice of such breach and an opportunity, but not the obligation, to cure said breach within such notice period. Landlord agrees that if Lessee defaults under the Lease Agreement, or if Lessee defaults under its franchise agreement with the Franchisor, the Franchisor shall have the right, but not the obligation, for forty-five (45) days after termination of the Lease Agreement, to take possession of the premises and assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that the Landlord shall have the right to reasonably approve such reassignment or subletting. The Landlord further covenants that so long as the Franchisor has not entered into possession of the leased premises it shall not be liable for rent or any other obligation under the Lease Agreement, but that Lessor shall look to Lessee for all obligations under the Lease Agreement. Notices to Franchisor shall be sent to: Melty Franchising, LLC, 610 South 850 East, Lehi, UT 84043.

Dated this_______day of________________, 20___.

Landlord:

By:______________________________
Its

SUBSCRIBED AND SWORN to before me this__________day of________________, 20__

_______________________________
NOTARY PUBLIC

Seal:

**EXHIBIT "B-7"**
**TO THE FRANCHISE AGREEMENT**

**SITE LOCATION AGREEMENT**
**ADDENDUM TO Melty Franchising, LLC**
**FRANCHISE AGREEMENT**

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

RECITALS:

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

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

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

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

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

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

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

**MELTY FRANCHISING, LLC**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: ___________________________________

Title: _________________________________

By: ___________________________________

Title: _________________________________

# EXHIBIT "B-8"
# TO THE FRANCHISE AGREEMENT

## STATE-SPECIFIC ADDENDA

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

2. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

3. The Agreement requires that it be governed by Utah law. This requirement may be unenforceable under California law.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC**
**a Wyoming limited liability company**

By: ____________________________________

Print Name: ______________________________

Title:____________________________________

**FRANCHISEE**

By: ____________________________________

Title: ___________________________________

By: ____________________________________

Title: ___________________________________

## HAWAII ADDENDUM TO FRANCHISE AGREEMENT

1. The Franchise Agreements contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Any provisions of the Franchise Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. The Franchise Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq*.).

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

5. The State of Hawaii Business Registration Division requires that the Franchisor defer the Initial Franchise Fee until its obligations to the Franchisee are met and the business is open.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: ___________________________________

Title: _________________________________

By: ___________________________________

Title: _________________________________

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT**

1. Illinois law governs the agreements between the parties to this franchise.

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: ___________________________________

Title: _________________________________

By: ___________________________________

Title: _________________________________

## INDIANA ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 § 1(5).

2. Under Article 8.3, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

3. Article 17.9 is amended to provide that mediation and litigation between you and us will be conducted at a mutually agreed-on location.

4. Article 17.11 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

5. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Indiana Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ____________________________________

Print Name: _____________________________

Title:___________________________________

**FRANCHISEE**

By: ____________________________________

Title: __________________________________

By: ____________________________________

Title: __________________________________

## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Any limitation on the period of time litigation claims may be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. The acknowledgements and representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act to release, estoppel or waive any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: ___________________________________

Title: _________________________________

By: ___________________________________

Title: _________________________________

**MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

1. Article 8 is amended to add the following:

"We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks."

2. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Article 15 is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, Subds., 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

4. Article 17.10 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Articles 17.8, and 17.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or mediation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Under this statute and rule, franchisor cannot require you to consent to inunction relief; however, franchisor may seek injunctive relief from the Court. A court will determine if a bond is required.

6. Article 17.10 is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ______________________________

Print Name: ______________________________

Title: ______________________________

**FRANCHISEE**

By: ______________________________

Title: ______________________________

By: ______________________________

Title: ______________________________

## NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

1. Article 14.3 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Article 14.5 is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. Article 8.3 is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

4. Article 20 is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ____________________________________

Print Name: ______________________________

Title:____________________________________

**FRANCHISEE**

By: ____________________________________

Title: ___________________________________

By: ____________________________________

Title: ___________________________________

**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

2. Article 17.9 will be amended to state that mediation involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the mediation, or if the parties cannot agree on a location, at a location to be determined by the mediation.

3. Article 9.3 is amended to add that covenants not to compete on termination or expiration of a Franchise Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

4. Article 17.9 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the mediation provision of the Agreement.

5. Article 17.11 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

6. Article 17.10 requires the franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, and are therefore not part of the Franchise Agreement.

7. Article 17.10 requirement that the franchise consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Franchise Agreement shall therefore be governed by North Dakota law.

8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:___________________________________

**FRANCHISEE**
By: ___________________________________
Title: __________________________________
By: ___________________________________
Title: __________________________________

## RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Utah law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

3. Article 17.11 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19- 28-1.1 through 19-28.1-34, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rhode Island Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ____________________________________

Print Name: ______________________________

Title:____________________________________

**FRANCHISEE**

By: ____________________________________

Title: ___________________________________

By: ____________________________________

Title: ___________________________________

# VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Virginia Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ______________________________________

Print Name: ______________________________

Title:_____________________________________

**FRANCHISEE**

By: ______________________________________

Title: ____________________________________

By: ______________________________________

Title: ____________________________________

**WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT**

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

2. In any mediation and litigation involving a franchise purchased in Washington, the mediation and litigation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation and litigation.

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

4. 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Washington Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ____________________________________

Print Name: ______________________________

Title:____________________________________

**FRANCHISEE**

By: ____________________________________

Title: ___________________________________

By: ____________________________________

Title: ___________________________________

# EXHIBIT C

## CONFIDENTIAL INFORMATION APPLICATION

# Confidential Information Application

melty way
GRILLED CHEESE GOURMET

(Complete in full and do not use abbreviations; please print clearly or type.)
The filing of this confidential application does not obligate the applicant to become a franchisee of Melty Franchising, LLC

## PERSONAL INFORMATION

**Applicant=s Name (Last, First, Middle):** ________________________________________________

**Home Address:** ________________________________________________

**Years There:**__________**E-Mail Address**______________________________**Social Security Number** ____________________

**City:**______________________________**State:**__________**Zip Code:**__________**Phone: (    )** ____________________

**Date of Birth:** ____________________ **Marital Status:** ____________**Spouse=s Name:** ______________________________

**Spouse=s Occupation** ________________________________________ **Total No. of Dependents:** ____________________

**Names (ages) of Dependents:** ________________________________________________

________________________________________________________________________________

## EDUCATION

**Last Year of School Completed:**________**College or University**______________________________**Degrees**____________________

**Describe any training in sales, management, or retailing:** ________________________________________________

________________________________________________________________________________

## CRIMINAL HISTORY

**Have you ever been convicted of a misdemeanor? Yes**________ **No** _______

**If yes, explain:** ________________________________________________

**Have you ever been convicted of a felony? Yes**________ **No** _______

**If yes, explain:** ________________________________________________

## BUSINESS EXPERIENCE

**1. Present/Most Recent Position:** ______________________________**Company:**________________________________________

**Dates Employed:**____________________**Company Address (Street, City, State, Zip Code):** ______________________________

**Phone: ( )**____________________**May we contact you at your business phone?** ______________________________

**Describe duties, no. of employees supervised, and responsibilities:** ______________________________

**Annual income:**____________________**May we contact?**__________**Reason Left:** ______________________________

**Previous Business Experience (list in order). If additional space is needed, attach separate sheet.**

2. Position:________________Company:________________

Dates Employed:__________Company Address (Street, City, State, Zip Code): ________________

Phone: ( )__________May we contact you at your business phone? __________

Describe duties, no. of employees supervised, and responsibilities: ________________

Annual income:__________May we contact?_____Reason Left: ________________

3. Position:________________Company:________________

Dates Employed:__________Company Address (Street, City, State, Zip Code): ________________

Phone: ( )__________May we contact you at your business phone? __________

Describe duties, no. of employees supervised, and responsibilities: ________________

Annual income:__________May we contact?_____Reason Left: ________________

## OTHER PERTINENT BUSINESS INFORMATION

Have you ever owned a business? If yes, state details: ________________

List other branded or franchise, retail goods or services: ________________

## MANAGEMENT GOALS

Do you plan to devote full time to this venture?____Are you willing to relocate?____Do you plan to have equity partners? ____

Geographic Area of Interest (please describe): ________________

Please briefly describe why you want to become a____Franchisee? ________________

List any hobbies, community activities, special interests or other pertinent information: ________________

## REFERENCES

**List two (2) personal references you have known at least two years (not former employers or relatives).**

| Name | Address (City, State, Zip Code) | Relationship | Phone # |
|---|---|---|---|
| | | | |
| | | | |

**List banks, finance companies, savings & loans, money market funds, and other financial institution references.**

| Name of Bank or Institution | Mailing Address | City & State | Zip Code | Contact | Phone # |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

| List all businesses in which you have financial interest. | | | | |
|---|---|---|---|---|
| **Name of Business** | **Address (City, State, Zip Code)** | **Position** | **Year Started** | **Income** |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Credit References | | | | |
|---|---|---|---|---|
| **Name of Company** | **Address** | **City & State** | **Zip Code** | **Phone #** |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Business References | | | | |
|---|---|---|---|---|
| **Name of Individual** | **Address** | **City & State** | **Zip Code** | **Phone #** |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

**Attach additional sheets if more space is needed for the above.**

______________________________

(**Applicants Name**)

# PERSONAL FINANCIAL STATEMENT AS OF / /

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| **Cash on Hand and in Bank** (Itemize in Schedule A) | ____________ | **Notes Payable to Bank(s)** (Itemize in Schedule H) | ____________ |
| **Mortgages or Notes Due to Me** (Itemize in Schedule B) | ____________ | **Loans Against Cash Value of Life Insurance** | ____________ |
| **Other Notes/Accounts Due Me** (Itemize in Schedule C) | ____________ | **Notes Payable to Others** (Itemize in Schedule H) | ____________ |
| **Stocks and Bonds** (Itemize in Schedule D) | ____________ | **Other Accounts Payable:** (Itemize on separate page if more than $5,000) | |
| **Cash Value of Life Insurance** (Itemize in Schedule E) | ____________ | (a) Credit Cards | ____________ |
| **Real Estate Owned** (Itemize in Schedule F) | ____________ | (b) Charge Accounts | ____________ |
| **Equipment/Office Furniture** (Itemize in Schedule G) | ____________ | (c) Other Bills Payable | ____________ |
| **Household Furnishings and Other Personal Property** | ____________ | **Real Estate Mortgage Payable** (Itemize in Schedule F) | ____________ |
| **Other Assets (Automobile(s)) and Business Ventures** | ____________ | **Taxes Due** (Itemize in Schedule I) | ____________ |
| | | **Other Liabilities** (Itemize below) | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| **Total Assets** (Add all of the above) | ____________ | **Total Liabilities** (Add all of the above) | ____________ |
| **Annual Personal Income** | ____________ | **Net Worth** (Assets minus Liabilities) | ____________ |
| | | **Total Liabilities and Net Worth** | ____________ |

**Do you have any contingent liabilities, such as endorser, co-maker or guarantor?** ____________

**Have you ever been involved as a debtor in proceedings under the U.S. Bankruptcy Code? Yes______No ______**
**If so, explain:** ______________________________

| **Schedule A Cash on Hand and in Bank (Attach copies of statements)** | | | |
|---|---|---|---|
| **Name of Bank** | **City & State** | **Account #** | **Balance** |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| Schedule B Mortgages or Notes Due to Me | | | |
|---|---|---|---|
| **Address of Property** | **Maker of Mortgage or Note** | **City & State** | **Balance** |
| | | | |
| | | | |
| | | | |
| | | | |

| Schedule C Other Notes or Accounts Due to Me | | | |
|---|---|---|---|
| **Maker of Note** | **Description of Note** | **City & State** | **Balance** |
| | | | |
| | | | |
| | | | |
| | | | |

| Schedule D Stocks and Bonds (Attach copies of statements) | | |
|---|---|---|
| **Name of Company/Broker** | **Account Market Value** | **Amount Pledged and to Whom** |
| | | |
| | | |
| | | |
| | | |

| Schedule E Cash Value of Life Insurance | | | |
|---|---|---|---|
| **Name of Insurance Company** | **City & State** | **Face Amount** | **Cash Value** |
| | | | |
| | | | |
| | | | |

| Schedule F Real Estate Owned | | | | | |
|---|---|---|---|---|---|
| **Description of Property** | **Name on Title** | **Cost** | **Market Value** | **Balance Owed** | **Mortgage Holder** |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| Schedule G Equipment or Office Furniture | | | | | |
|---|---|---|---|---|---|
| **Description of Property** | **Name on Owner** | **Cost** | **Market Value** | **Balance Owed** | **Mortgage Holder** |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| Schedule H Notes Payable to Banks and Others | | | | |
|---|---|---|---|---|
| **Name of Note Holder** | **City & State** | **Original Balance** | **Balance Owed** | **Terms** |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Schedule I Taxes Due | | | |
|---|---|---|---|
| **Type of Tax** | **Amount Owed** | **Date Due** | **Unpaid from Prior Year** |
| | | | |
| | | | |
| | | | |

**I submit the above information as my complete and true personal and financial condition as of the date shown below. In accordance with the Privacy Act (5 U.S.C. 552 a), Freedom of Information Act and The Fair Credit Reporting Act, I expressly authorize any past or present employer, any law enforcement agency, federal, state or local, or any person who has personal knowledge of my character, work experience or criminal records to release this information to Melty Franchising, LLC ("Franchisor"). I understand and acknowledge that, as a condition of being considered for the Melty Way® franchisee training program, I must submit to a credit history check to be performed by a credit reporting agency of Franchisor's choice and authorizes and requests any consumer reporting agency to provide such information to Franchisor. I understand that the credit reporting agency will make the results of the credit history check available to Franchisor and that Franchisor may use those results as a factor in determining whether I will be granted a Melty Way® franchise. If requested by Franchisor, I agree to supply statements from my professional advisors (i.e., banker, broker, accountant or attorney) verifying the above assets, and I also agree to furnish copies of Federal Income Tax Returns as filed for the last five years. I understand that Franchisor is relying upon all the above information as a material factor in considering my application to become a Melty Way® franchisee, and I therefore agree to promptly notify Franchisor of any material change in any of the above information or any subsequent information provided to Franchisor. In addition, I release all persons from liability as a result of reporting true, accurate information. I also certify that neither I nor any of my funding sources, is or has ever been a terrorist or suspected terrorist, or a person or entity described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, as such persons and entities are further described at the Internet website www.ustrease.gov/offices/enforcement/ofac. I agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the above law.**

**Authorized Signature (required):____________________________________Date:____________________**

**Print Name:____________________________Title:____________________Telephone: (       )__________**

After completion of this Application, please email, fax, or mail Application and attachments to:

**Melty Franchising, LLC**
Email: franchising@meltyway.com
Mail: 610 South 850 East
Lehi, UT 84043

If you are applying as a Company organized as a Corporation, limited liability company or partnership, please complete the following in formation in full and do not use abbreviations; please print clearly or type. The filing of this confidential application does not obligate the applicant to become a franchisee of Melty Franchising, LLC In order to use this application, your company must have audited or reviewed financial statements.

## COMPANY INFORMATION

Company:________________________________________________

Address:________________________________________________

City:____________________State:______Zip Code:________Phone ( )______

Company Name:________________________Fed ID#: ____________________

State of Organization:____________Telephone: ( )__________Fax: ( ) __________

Company Address:______________________County:____________________

City & State/Province/Area:________________Zip/Postal Code:______Country:________

Key Contact Person:______________________Title/Position: __________________

## COMPANY OFFICERS (TITLES)

1. Name:__________________________Title: ____________________
2. Name:__________________________Title: ____________________
3. Name:__________________________Title: ____________________
4. Name:__________________________Title:____________________

Geographic Area of Interest (please describe): ______________________________

______________________________________________________

______________________________________________________

List other branded or franchise retail goods or services:

______________________________________________________

## CREDIT INFORMATION

Primary Bank:______________Contact:___________Telephone: ( )__________

Address:______________City, State & Zip Code: ______________________

Credit Reference:______________Contact:___________Telephone: ( )_________

Address:______________City, State & Zip Code: ______________________

Credit Reference:______________Contact:___________Telephone: ( )_________

Address:______________City, State & Zip Code: ______________________

## LITIGATION AND CRIMINAL HISTORY

Has your Company ever been convicted of a crime? Yes______No ______

If so, explain: ____________________________________________

______________________________________________________

Has your Company ever been involved in a civil litigation? Yes______No ______

If so, explain: ____________________________________________

______________________________________________________

## BANKRUPTCY

Has your Company ever been involved as a Debtor in proceedings under the U.S. Bankruptcy Code? Yes______No ______

If so, explain: ____________________________________________________________

____________________________________________________________

## BUSINESS ACTIVITIES

Explain what the focus of your Company is (sales, manufacturing, services, etc.: ______________________________

____________________________________________________________

____________________________________________________________

Identify what products your Company produces/sells: ______________________________

____________________________________________________________

____________________________________________________________

Specify what services your Company provides: ______________________________

____________________________________________________________

____________________________________________________________

**Please attach all required documents:**

**√ Audited or Reviewed Company Financial Statements**
**√ Certified Articles of Incorporation, Partnership Documents, or equivalent**
**√ Company Description—Business Summary, Brochure, or Annual Report**
**√ Individual Applications for Officers or Prospective Partners**

**I submit the above information as my complete and true personal and financial condition as of the date shown below. In accordance with the Privacy Act (5 U.S.C. 552 a), Freedom of Information Act and The Fair Credit Reporting Act, I expressly authorize any past or present employer, any law enforcement agency, federal, state or local, or any person who has personal knowledge of my character, work experience or criminal records to release this information to Melty Franchising, LLC ("Franchisor"). I understand and acknowledge that, as a condition of being considered for the Melty Way® franchisee training program, I must submit to a credit history check to be performed by a credit reporting agency of Franchisor's choice. I understand that the credit reporting agency will make the results of the credit history check available to Franchisor and that Franchisor may use those results as a factor in determining whether I will be granted a Melty Way® franchise. If requested by Franchisor, I agree to supply statements from my professional advisors (i.e., banker, broker, accountant or attorney) verifying the above assets, and I also agree to furnish copies of Federal Income Tax Returns as filed for the last five years. I understand that Franchisor is relying upon all the above information as a material factor in considering my application to become a Melty Way® franchisee, and I therefore agree to promptly notify Franchisor of any material change in any of the above information or any subsequent information provided to Franchisor. In addition, I release all persons from liability as a result of reporting true, accurate information. I also certify that neither I nor any of my funding sources, is or has ever been a terrorist or suspected terrorist, or a person or entity described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, as such persons and entities are further described at the Internet website www.ustrease.gov/offices/enforcement/ofac. I agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the above law.**

**Authorized Signature (required):________________________________________Date:________________**

**Print Name:___________________________Title:___________________Telephone: (      )______________**

After completion of this Application, please email, fax, or mail Application and attachments to:

**Melty Franchising, LLC**
Email: franchising@meltyway.com
Mail: 5406 W. 11000 N, Suite 103-540
Lehi, UT 84043

**EXHIBIT D**

## LIST OF FRANCHISEES

**UNIT FRANCHISEES**

**Opened as of December 31, 2021**

**None**

**Signed But Not Opened as of December 31, 2021**

**None**

**The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:**

**None**.

# EXHIBIT E

## FINANCIAL STATEMENTS

**Melty Franchising, LLC**

**Independent Auditor's Report**
**And**
**Financial Statements**
**For the period from June 11, 2021 to December 31, 2021**

**Table of Contents**

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
6245 RUFE SNOW DR Ste 280 PMB 34 Watauga TX 76148
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

## Independent Auditor's Report

To the members of
Melty Franchising, LLC
1712 Pioneer Ave Ste 115
Cheyenne, WY 8200

**Opinion**

We have audited the accompanying financial statements of Melty Franchising, LLC (a Wyoming Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statement of income, changes in members' equity, and cash flows for the period from June 11, 2021 (inception) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Melty Franchising, LLC as of December 31, 2021, and the results of its operations and its cash flows for the period from June 11, 2021 to December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Melty Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Melty Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Melty Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Melty Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Watauga TX
July 05, 2022

## Melty Franchising, LLC

### Statement Of Balance Sheet
### As of December 31, 2021

| | | 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $ | 15,834 |
| Accounts recivable, net | | 60,000 |
| Prepaid commission - current portion | | 7,913 |
| **Total Current Assets** | | 83,747 |
| | | |
| **Long Term Assets** | | |
| Prepaid commission - long term portion | | 102,873 |
| **Total Long Term Assets** | | 102,874 |
| **Total Assets** | $ | 186,621 |
| | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **Current Liabilities** | | |
| Deferred revenue - current portion | $ | 13,289 |
| **Total Current Liabilities** | | 13,289 |
| | | |
| **Long-Term Liabilities** | | |
| Deferred revenue - long term portion | | 172,764 |
| **Total Long-Term Liabilities** | | 172,764 |
| **Total Liabilities** | | 186,053 |
| | | |
| **Members' Equity** | | |
| Members' equity | | 568 |
| **Total Members' Equity** | | 568 |
| **Total Liabilities and Members' Equity** | $ | 186,621 |



*The accompanying notes are an integral part of the financial statements.*

**Melty Franchising, LLC**

**Statement Of Income**

**For the period from June 11, 2021 to December 31, 2021**

| | | 2021 |
|---|---|---|
| **Revenues** | | |
| Initial franchise fees | $ | 33,947 |
| **Total Revenues** | | 33,947 |
| | | |
| **Operating Expenses** | | |
| Consulting fees | | 16,500 |
| Advertising and marketing | | 2,250 |
| Sales commissions | | 7,913 |
| Subscriptions | | 2,391 |
| Legal fees | | 825 |
| **Total Operating Expenses** | | 29,879 |
| **Income From Operations** | | 4,068 |
| **Net Income** | $ | 4,068 |



*The accompanying notes are an integral part of the financial statements.*

**Melty Franchising, LLC**

**Statement of Changes In Members' Equity**
**For the period from June 11, 2021 to December 31, 2021**

| | | 2021 |
|---|---|---|
| **Members' Equity Beginning Of The Year** | $ | - |
| Members' contributions | | 13,000 |
| Members' distributions | | (16,500) |
| Net income | | 4,068 |
| **Members' Equity End Of The Year** | $ | 568 |



*The accompanying notes are an integral part of the financial statements.*

## Melty Franchising, LLC

### Statement of Cash Flows
### For the period from June 11, 2021 to December 31, 2021

| | | 2021 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net income | $ | 4,068 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Change in accounts receivables | | (60,000) |
| Change in prepaid commissions current portion | | (7,913) |
| Change in prepaid commissions net of current portion | | (102,873) |
| Change in prepaid deferred revenue current portion | | 13,289 |
| Change in deferred revenue net of current portion | | 172,764 |
| **Net Cash Provided By (Used In) Operating Activities** | | 19,334 |
| | | |
| **Cash Flows From Investing Activities** | | |
| **Net Cash Flows Provided By (Used In) Investing Activities** | | - |
| | | |
| **Cash Flows From Financing Activities** | | |
| Members' contribution | | 13,000 |
| Members' distribution | | (16,500) |
| **Net Cash Flows Provided By (Used In) Financing Activities** | | (3,500) |
| **Net Change In Cash During The Year** | | 15,834 |
| Cash - beginning of the year | | - |
| **Cash - End Of The Year** | $ | 15,834 |



*The accompanying notes are an integral part of the financial statements.*

**Melty Franchising, LLC**
**December 31, 2021**
**Notes To Financial Statements**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

### A. Nature of Operations

Melty Franchising, LLC (The Company) is a franchise company that was incorporated under the laws of the State of Wyoming for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their quick service restaurant.

### B. Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the Accrual basis of accounting.

### C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposits.

### D. Accounts Receivable

Accounts Receivable arise primarily from Franchise Fee income and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The company assesses the collectability of all receivables on an ongoing basis by considering its expected historical loss experience, current economic conditions, and other relevant factors. The company has determined that no allowance for doubtful accounts was necessary on December 31, 2021.

### E. Federal Income Taxes

Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of Partnership earnings. Partnership's net revenue is allocated on a pro-rata basis in accordance with Partnership interests to the partners after allowing for partner guaranteed payments.

### F. Use of estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

### G. Advertising Costs

The Company expenses the costs of general advertising, promotion, and marketing programs at the time the costs are incurred.

### H. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 7 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

**2. CASH AND CASH EQUIVALENT**

Cash consists of an initiate business checking account maintained at one financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 On December 31, 2021, the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. Melty Franchising, LLC has approximately $15,834 in cash in its bank account.

### 3. ACCOUNTS RECEIVABLE

Receivables consist of the following:

| | |
|---|---|
| Initial Franchise Fees Receivable | $60,000 |

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU 2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

**Franchise Fees**

The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year. The second which is, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise fees received in 2021 were $220,000 with $20,658 earned as pre-opening services, and $199,342 earned where the performance obligation is satisfied over time. The company recognized $13,289 as franchise fees in 2021.

**Variable Considerations**

Franchise agreements contain variable considerations in the form of royalty fees of 2.75% on franchisee gross sales. These fees are based on franchisee weekly sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. In the year ended December 31, 2021, there is no royalty revenues are recognized.

**Contract Assets and Liabilities**

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. In 2021, an amount of $110,787 of the commissions were deferred over the life of the agreement of 15 years from the effective date, the company has recognized $7,913 as a current portion of the contact assets as it will be due within the next twelve months, and $102,873 as a long-term portion of contract assets. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. In 2021, $186,053 of franchise fees collected were deferred over the life of the franchise agreement of 15 years from the effective date, the company has recognized $13,289 as a current portion of contract liabilities as it will be due within the next twelve months, and $172,764 as long-term portion of contract liabilities.

### 5. ADVERTISING AND MARKETING

Advertising and marketing costs are charged to operations in the year incurred. Advertising costs for the year ended December 31, 2021, is $2,250.

**6. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 05, 2022, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**UNAUDITED FINANCIALS AS OF JUNE 30, 2022**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. 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 THE CONTENT OR FORM**

# Financial Statements

Melty Franchising LLC

For the period ended June 30, 2022

Prepared on

August 23, 2022

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# Profit and Loss

January - June, 2022

| | Total |
|---|---|
| INCOME | |
| **Total Income** | |
| GROSS PROFIT | **0.00** |
| EXPENSES | |
| 6050 Subscriptions | 1,623.71 |
| 6060 Legal & Professional Fees | 23,900.00 |
| 6061 Accounting fees | 1,750.00 |
| 6063 Consulting Fees | 1,147.00 |
| **Total 6060 Legal & Professional Fees** | **26,797.00** |
| General business expenses | |
| Memberships & subscriptions | 85.80 |
| **Total General business expenses** | **85.80** |
| **Total Expenses** | **28,506.51** |
| NET OPERATING INCOME | **-28,506.51** |
| NET INCOME | **$ -28,506.51** |

# Balance Sheet

As of June 30, 2022

| | Total |
|---|---|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 1010 Melty Checking 7697 | 38,114.33 |
| **Total Bank Accounts** | **38,114.33** |
| Accounts Receivable | |
| 1100 Accounts Receivable (A/R) | 143,500.00 |
| **Total Accounts Receivable** | **143,500.00** |
| Other Current Assets | |
| 1150 Prepaid Commission - Current Portion | 7,913.33 |
| **Total Other Current Assets** | **7,913.33** |
| **Total Current Assets** | **189,527.66** |
| Other Assets | |
| 2300 Prepaid Commission - Long Term | 167,586.34 |
| **Total Other Assets** | **167,586.34** |
| **TOTAL ASSETS** | **$357,114.00** |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| 2800 Deferred Revenue - Current Portion | 13,289.00 |
| **Total Other Current Liabilities** | **13,289.00** |
| **Total Current Liabilities** | **13,289.00** |
| Long-Term Liabilities | |
| 2900 Deferred Revenue - Long term portion | 371,764.00 |
| **Total Long-Term Liabilities** | **371,764.00** |
| **Total Liabilities** | **385,053.00** |
| Equity | |
| 3100 Nebky, Capital | -3,500.00 |
| 3300 Retained Earnings | 4,067.51 |
| Net Income | -28,506.51 |
| **Total Equity** | **-27,939.00** |
| **TOTAL LIABILITIES AND EQUITY** | **$357,114.00** |

# EXHIBIT F

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# TO
# OPERATIONS MANUAL

**OPERATIONS MANUAL**

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**EXHIBITS**

# EXHIBIT G

## MULTI-UNIT DEVELOPMENT AGREEMENT

**MELTY FRANCHISING, LLC**
**MULTI-UNIT DEVELOPMENT AGREEMENT**

**THIS MULTI-UNIT DEVELOPMENT AGREEMENT** (the "Agreement") is made and entered into effective the _____day of_______________________, 20__ by and between **Melty Franchising, LLC**, a Wyoming limited liability company ("We" or "Us" and at times "Franchisor"), and___LLC/Inc., a
__________________ limited liability company/corporation ("You" or "Your" and at times "Franchisee"):

**R E C I T A L S:**

WHEREAS, We have developed a system for the operation of a Melty Way® Franchise Unit, offering to the public gourmet grilled cheese sandwiches, soups, specialty desserts, beverages, and other limited-menu items (hereinafter "Franchise Business"). The system includes, among other things specific trade names, service marks, standards, manuals, recipes, food, mixes, operating procedures, marketing concepts and presentation, specifications for certain equipment, supply items and confidential information, herein at times the "System" and at times the "Melty Way® System;" and

WHEREAS, recognizing the value of the System and the benefits which may be obtained by use of the System, You desire to acquire the right to develop and operate multiple Melty Way® Franchise Units in the Reserved Territories described below and pursuant to the terms and conditions of this Agreement; and

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

WHEREAS, You declare that You have fully investigated and have familiarized Yourself with the essential aspects and purposes of the System as developed by Us; and

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

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

## Section 1 - Definitions

1.01 Unless otherwise clearly required by the context, when used in this Agreement the following terms will have the following described meanings:

A. "Franchise" A license from Us to operate a Franchise Unit in a Reserved Territory.

B. "Franchise Agreement" Our agreement which licenses the right for a person or entity to use Our Marks and System for the operation of a Melty Way® Franchise Unit at a single designated location.

C. "Franchise Unit" or "Franchise Business" A Unit or Business using the System for which a Melty Way® Franchise Agreement has been duly executed.

D. "Marks" Refers to any and all of Our trademarks, service marks, trade names, logos, trade dress, color schemes, designs, equipment designs and related commercial symbols whether or not registered by Us and all goodwill related thereto associated with the products or any other business, products and services of the Franchisor or its affiliates.

E. "Owners" Refers to You and the owners of any entity owning the Franchise, if any.

F. "Reserved Territory" or "Reserved Territories" The geographical area or areas set forth in Exhibit "A" attached hereto and by reference made a part hereof, in which You have the right to develop and operate Melty Way® Franchise Businesses in accordance with the Development Schedule set forth on Exhibit "B." Unless otherwise agreed by Us in writing, You may only open one (1) Franchise Unit per Reserved Territory.

**Section 2 - Territory Rights**

2.01 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement You have the right to develop and operate Melty Way® Franchise Businesses in the Reserved Territories in accordance with the Development Schedule set forth on Exhibit "B" attached hereto and by reference made a part hereof, utilizing the System and the Marks in the Reserved Territories upon execution of a separate Franchise Agreement for each Franchise Unit You develop. You will identify a location for each Unit (which must be located within a Reserved Territory) and, after the location is approved by Us, the location will be set forth in the Franchise Agreement for that Franchise Unit. We will not establish or sell franchises within one of Your Reserved Territories while this Agreement is in effect.

2.02 Character of Rights. The rights set forth herein are territorial only and do not grant or imply any license or franchise for You to use the Marks or System. This Agreement will not create or grant rights or obligations outside Your Reserved Territories. Nothing contained herein will prevent Us from granting the right to establish or operate, or Ourselves establishing, owning and operating Melty Way® Franchise Businesses or similar operations outside of Your Reserved Territories. Furthermore, We and Our affiliates expressly reserve the right to market Melty Way® products in Your Reserved Territories through various means, including, but not limited to the Internet, and to sell Melty Way® products through Our mobile food trucks and catering services and to sell non-traditional franchises at Our discretion, both within and without Your Reserved Territories. These non-traditional franchises may include locations at sporting arenas, airports, and other similar locations. We may also enter into and negotiate franchise agreements with large institutional-type franchisees. For example, military bases, universities, department stores, hospitals or other similar locations. These franchisees have the right to operate and open non-traditional franchises at these non-traditional and institutional locations. Neither We nor other franchisees are restricted from advertising their Melty Way® Franchise Business in Your Reserved Territories. The rights and privileges granted to You under this Agreement are personal in nature.

2.03 System Modifications. We may, at any time, in Our reasonable discretion, change or modify the System or add to or delete from the System. In such event, We will notify You of any such changes, modifications, additions or deletions, and You will accept, be bound by, use and immediately take steps to implement any such changes in Your Reserved Territories. We will have complete ownership and control of any changes, modifications, enhancements or suggestions whether made or implemented by Us or You.

2.04 Additional Franchise Units. You do not receive the right to purchase or develop additional Franchise Units under this Agreement. In the event You wish to purchase or develop additional Franchise Units, You must enter into a new multi-unit development agreement.

**Section 3 - Development & Term**

3.01 Development Schedule.

A. You agree to use Your best efforts to develop and operate Your Franchise Units in the Reserved Territories during the term hereof. Without limiting the foregoing obligation, in order to retain the rights granted hereunder, You agree to open, as Your minimum development obligation hereunder during the term hereof, the number of Melty Way® Franchise Units in the Reserved Territories set forth on Exhibit "B" attached hereto and by reference incorporated and made a part hereof (the "Development Schedule").

B. You are required to develop____________Franchise Units in Your Reserved Territories. A new Franchise Unit must be developed every three (3) months under the Development Schedule.

C. If You wish to purchase additional Franchise Units, You will enter into an Addendum setting forth a development schedule for the additional units. Such units must also be developed every three (3) months.

3.02 Franchise Locations. The location of each Franchise Unit (which must be located within a Reserved Territory) will be selected by You but must be approved in writing by Us, which approval will not be unreasonably withheld or delayed. A separate Franchise Agreement will be executed for each Franchise Unit in Your Reserved Territories.

3.03 Termination by Franchisor. In the event You fail to meet the Development Schedule or any of Your other development obligations, We will have the right: 1) to remove one of Your undeveloped Reserved Territories from Your Development Schedule (the choice of which Reserved Territory to remove will be at Our sole discretion), which will not affect Your obligation to continue to develop the remainder of Your Franchise Units according to the Development Schedule; or 2) to terminate this Agreement upon written notice to You as provided in Section 9 hereof. Franchise fees are not refundable. Time is of the essence. If terminated, You may still continue to own and operate Your individual Franchise Units in the Reserved Territories owned and operated by You prior to termination, so long as You are current and continue to faithfully perform the terms and conditions of such Franchise Agreement(s). However, if terminated, You will cease to have any exclusivity rights with regard to the development of Franchises in the Reserved Territories and You will forfeit any contractual right You may have to purchase additional Franchise Units within the Reserved Territories.

3.04 Term. The term of this Agreement is the Development Period set forth on Exhibit "B."

**Section 4 - Fees**

4.01 Deposits for Units to be Developed. Upon execution of this Agreement, You will pay a deposit fee of two thousand five hundred dollars ($2,500) ("Unit Deposit") as a deposit for each Franchise Unit to be developed in accordance with the Development Schedule on Exhibit "B." The Unit Deposit fees are non-refundable and are applied to the initial franchise fees of the additional units to be developed. There is no limit to the number of Franchise Units You can reserve so long as each Franchise Unit is merited in the targeted market (in sole Our discretion) and preapproved by Us in writing.

4.02 Initial Franchise Fees. In addition, for each Franchise Unit opened or operated by You during the term hereof, You agree to pay a franchise fee ("Franchise Fee") to Us of thirty-nine thousand dollars ($39,000) for your first Franchise Unit and ten thousand dollars $29,000 for each additional unit, less the $2,500 Unit Deposit fee.

4.03 Non Refundable. The Franchise Fees and the Unit Deposits are not refundable.

**Section 5 - Franchise Agreement(s)**

5.01 Franchise Agreement. Each Franchise Unit opened by You in the Reserved Territories, pursuant to this Agreement, will be governed by Our then-current standard form Franchise Agreement executed by You and Us. A copy of Our current Franchise Agreement is attached hereto and by reference is made a part hereof. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us and the Franchise Fee paid at the beginning of the development and prior to commencing construction of improvements, acquisition or lease of any related real property, or any other development activity.

5.02 Modification of Franchise Agreement. We reserve the right, from time-to-time, to amend, change or modify Our Franchise Agreement prior to the time it is signed by You.

5.03 Guaranty. You agree that if You are an entity, all of the owners owning a 20% or greater interest in the Franchise Business must personally guarantee the performance under each Franchise Agreement, and agree to be bound by, and liable for, the breach of every provision of the Franchise Agreement.

5.04 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

**Section 6 - Operating Standards and Covenants**

You agree that:

6.01 Knowledge. You will acquire and maintain sufficient knowledge and experience involving the Melty Way® System so as to be able, in good faith, to develop the Franchise Units in a timely, efficient and professional manner.

6.02 Compliance. You will, at Your expense, comply with all applicable laws, ordinances, rules and regulations pertaining to the operation of Your Franchise Business as contemplated herein, including, without limitation, a license or permit for the operation of your Melty Way® Franchise Unit.

6.03 Cost of Doing Business. You will be responsible for all Your costs of doing business, including, without limitation, taxes, permits, licensed, fees, postage, telephone, training, photocopying, employees, salaries, travel, on-going service obligations and other costs and expenses in connection with Your obligations herein.

6.04 Franchise Obligations. You agree to promptly pay all of Your obligations and liabilities to Us and Your suppliers, vendors and trade accounts. You will be responsible and liable for the prompt payment of all of Your taxes, including, but not limited to, income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes and similar taxes and personal property and real estate taxes payable as a result of Your Franchise Business. We will have no liability for these or any other taxes and You will indemnify and hold Us harmless from any such taxes that may be assessed or levied against Us which arise or result from Your Franchise Business.

6.05 Periodic Reports. You will provide Us with quarterly progress reports, in writing, regarding the development of the Franchise Units in Your Reserved Territories.

6.06 Your Performance. You will comply with all other duties, obligations and requirements set forth in this Agreement, Your Franchise Agreement(s) and Our Operations Manual and other manuals.

6.07 Indemnification. You will protect, indemnify and hold Us harmless from and against any and all costs, damages and liabilities, including, but not limited to, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect or omission of Yours or Your employees, customers, agents or guests including, without limitation, malfeasance, misstatements made to customers or franchisees, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement.

**Section 7 - Confidential Information**

7.01 Confidential Information. Except for knowledge already in Your possession not disclosed to You by Us or currently in the public domain, You acknowledge that Your entire knowledge of the operation of the Melty Way® System and the contemplated Franchise Business, including, without limitation, the contents of the operating manuals, including recipes and recipe books, and the specifications, standards and operating procedures for the Melty Way® Franchise Units, is derived from information disclosed to You by Us and that such operating manuals and such other information is confidential and a trade secret of Ours. You agree that You will maintain the absolute confidentiality of the operating manuals and all such other information during and after the term hereof, disclosing the same to employees of Your Franchise Business only to the extent necessary for the operation of the Franchise Units in accordance with this Agreement, and that You will not use the System, operating manuals and such other information in any other business or in any manner not specifically authorized or approved in writing by Us.

**Section 8 - Marks**

8.01 Ownership of Marks. You acknowledge that You have no proprietary interest whatsoever in the Melty Way® Marks or derivatives thereof and that Your right to use the Marks is derived solely from this Agreement and Your Franchise Agreement(s) and is limited to the conduct of Your Franchise Business pursuant to and in compliance with this Agreement and Your Franchise Agreement(s) and all applicable specifications, standards and operating procedures prescribed by Us. Any unauthorized use of the Marks by You will constitute an infringement of Our rights in and to the Marks. You agree that all usage of the Marks by You and any goodwill established thereby will inure to Our exclusive benefit and You acknowledge that this Agreement applicable to the Marks will apply to any additional trademarks, service marks, trade names, logos, or commercial symbols hereafter developed, used or authorized by Us.

8.02 Use of Marks. You will not use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent, nor may You use any Mark in connection with the sale of any unauthorized products or service or in any other manner not expressly authorized under this Agreement. You agree to display the Marks prominently and in the manner prescribed by Us. Further, You agree to obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

8.03 Infringements. We will have sole discretion to take such action as We deem appropriate and the right to exclusively control any litigation, proceeding or other administrative claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things at the Franchisor's expense as may, in the opinion of Our counsel, be necessary or advisable to protect and maintain Our interest in any such litigation, proceeding or other administrative proceeding or to otherwise protect and maintain Our interests in the Marks. If it becomes advisable at any time, in Our sole discretion, exercised in good faith, for Us or You to modify or discontinue use of any Mark, or to use one or more additional or substitute Marks, You agree, at Your expense, to comply therewith within a reasonable time after notice thereof by Us.

## Section 9 - Our Right of Termination

9.01 Termination. In addition to the other rights of termination We may have at law or equity or as contained in this Agreement, We will have the following rights oftermination:

A. 45 – Day Cure Period. If You fail to meet Your development obligations, at any time, as set forth in Section 3 hereof above, Your rights hereunder will automatically terminate effective forty-five (45) days after delivery of notice of default, if not otherwise cured within the forty-five (45) days' notice period.

B. No Cure Period. You agree that if a violation or default under (1) through (7) below, termination of this Agreement will occur automatically without written notice toYou.

1) You or any of Your Owners makes an unauthorized assignment of this Agreement or any ownership change without Our consent, which consent will not be unreasonably withheld or delayed;

2) You or any of Your Owners are convicted of, plead guilty to, or plead no contest to a charge of violating any felony law or other crime or offense We believe is reasonably likely to have an adverse effect on the System;

3) You consistently fail to timely pay any of Your payment obligations or liabilities owing to Us;

4) You are insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors;

6) You voluntarily or otherwise abandon the development of the Franchise Units in the Reserved Territories hereunder;

7) You repeatedly fail to materially comply with this Agreement, whether or not such failures to comply are corrected after notice thereof;

C. 30 – Day Cure Period. For all other defaults hereunder, We will have the right to terminate this Agreement effective upon thirty (30) days after delivery of notice of termination to You if such default is not cured within the thirty (30) day cure period. Furthermore, an uncured default under any of Your Franchise Agreement(s) for any Franchise Unit, will be deemed a default under this Agreement if not cured within thirty (30) days written notice.

9.02 Indemnity. You will protect, indemnify and hold Us harmless from and against any and all costs, losses, damages, liabilities, obligations and legal fees incurred by Us or Our members, managers, officers, directors, employees or agents because of any act, neglect or omission by You, Your employees, agents or guests, in the event a legal action or other proceeding is brought against Us.

**Section 10 - Obligations Upon Termination or Expiration**

10.01 Our Rights upon Termination. Upon expiration or termination of this Agreement, Your rights are terminated. We will be free to own or operate Melty Way® Franchise Businesses and to franchise others to do so anywhere in the Reserved Territories other than in locations for which you have an existing signed and compliant Franchise Agreement. The foregoing are in addition to any other right or remedy We may have at law or in equity.

10.02 Operating Units. So long as You are not in default under the terms and conditions of Your respective Franchise Agreement(s), You may continue as Our Franchisee pursuant to the terms and conditions of Your respective Franchise Agreement(s) even after termination or expiration of this Agreement.

**Section 11 - Unfair Competition and Non-Competition Covenant**

11.01 Non-Competition. You and Your owners will not, during the term of this Agreement and for a period of two (2) years after the expiration or termination of this Agreement, on Your own account or as an owner, employee, agent, consultant, partner, member, manager, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in engaged in the sale or offering of products or services similar to Ours business or other business offering products or services the same as or substantially similar to the Melty Way® Business or using a business format which is the same as or similar to Our System in any capacity or location within fifty (50) miles of one of Your Reserved Territories of within twenty-five (25) miles of any Melty Way® Franchise Business location in the Melty Way® System.

11.02 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of paragraph 11.01 be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of said paragraph is adjudicated to be invalid or unenforceable, then paragraph 11.01 will be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of that paragraph and the particular jurisdiction in which said adjudication is made. Further, to the extent any provision of this paragraph is deemed to be unenforceable by virtue of its scope, but may be made enforceable by limitation, the parties agree that the same will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

**Section 12 - Assignment**

12.01 By Franchisor. This Agreement is fully assignable by Us and will inure to the benefit of any assignee or other legal successor to Our interests herein.

12.02 No Transfer Allowed by Franchisee. You may not transfer or assign this Agreement in any form whatsoever.

**Section 13 - Notices**

13.01 Notices. All notices permitted or required under this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally, (ii) by overnight courier upon written verification of receipt, (iii) by telecopy or facsimile transmission, during normal business hours, Monday through Friday, holidays excepted, when confirmed by telecopier or facsimile transmission, (iv) through the email address below or other authorized email address when confirmed by receipt verifications, or (v) by certified or registered mail, return receipt requested, three (3) days after deposit in the mail addressed as follows:

Franchisor:

**Melty Franchising, LLC**
610 South 850 East
Lehi, UT 84043
Attention: David Nibley, CEO
Email: dnibley@meltyway.com

Franchisee:
______________________________
______________________________
______________________________
______________________________

**Section 14 - Representations**

14.01 Your Efforts. You understand that the success or failure of the development of Franchise Units in the Reserved Territories and the Franchise Units depends, in major part, upon Your efforts. You acknowledge and affirm We have made no income guarantees, projections, or any claims that You will be successful. This Agreement contains all of the terms and conditions agreed upon by the parties. No promises or representations have been made by Us or any of Our representatives or agents other than herein set forth.

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

## Section 15 – Disputes

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

15.02 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") will arise between Us or Our subsidiaries, parents and affiliates and each of Our respective shareholders, managers, officers, directors, members, agents, employees and attorneys (in their representative capacity), if applicable, and You or Your entity owners, guarantors and employees, officers, directors, members, managers, agents, and attorneys (in their representative capacity), if applicable, in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

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

B. Mediation. During the term of this Agreement certain disputes may arise that you and we are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, officers, directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to mediation before either of us may file a lawsuit proceeding under Section 15.02.C as it relates to any claim, controversy or dispute.

(i) The mediation shall be conducted by LeBaron Law and Mediation (https://www.lebaronlaw.com<https://www.lebaronlaw.com/>) in Utah County, Utah, or as we and you otherwise agree. The costs and expenses of the mediation, including the mediator's compensation and expenses (but excluding attorneys' fees incurred by either party), will be paid by the Party (you or us) who seeks resolution of the dispute with the first Five Thousand Dollars be paid to the Mediation Service by the Party seeking resolution of a dispute, and the remaining amount, if any, being paid equally by both Parties..

(ii) Mediation will consist of two parts. The first is to attempt to come to a mutual agreement on how best to exit under the circumstances. If this cannot be met then we move to the second, which is to have you sign a release and both parties use best efforts during an eight (8) month period of time to sell the franchise. We will use our digital marketing sources to focus in your specific area to get potential candidates for us to sell your franchise to. This will happen before any other type of legal action is taken by either party.

(iii) Notwithstanding the foregoing provisions of this Section 15.02.B, your and our agreement to mediate shall not apply to any controversies, disputes or claims related to or based on the Marks or the Confidential Information. Moreover, regardless of your and our agreement to mediate, you and we each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief if warranted by the circumstances of the dispute.

C. Litigation. With respect to any controversies, disputes or claims that are not fully resolved through mediation as provided in Section 15.02.B above, the Parties irrevocably agree to submit themselves to the jurisdiction of the Superior Court of Utah County, Utah, or the U.S. District Court for the District of Utah and hereby waive any and all objections to personal or subject matter jurisdiction in these courts. You and we further agree that venue for any proceeding relating to or arising out of this agreement shall be the courts of Utah County, Utah, or those closest to our then-current corporation location. The following shall apply to any action brought under this Agreement:

**Section 16 – General Provisions**

16.01 Severability. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable.

16.02 Construction and Jurisdiction. The rights of the parties and provisions of this Agreement will be interpreted and governed in accordance with the laws of the State of Utah and You consent to the exercise over You for general personal jurisdiction and venue in the courts of record of Utah County, State of Utah. You expressly waive any objection You may have to the personal jurisdiction of or venue in the state and federal courts of Utah County, State of Utah. We and You agree that all causes of action and claims arising out of this Agreement that are not arbitrated will be litigated exclusively in the courts of record in the State of Utah, even though it may otherwise be possible to obtain jurisdiction over Us elsewhere. Nothing herein will prevent the Franchisor from obtaining injunctive relief and enforcement of judgments and rulings in the courts of other jurisdictions.

16.03 Waiver of Obligations. You and We will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof or any failure, refusal or neglect of Us or You to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder.

16.04 Cumulative Remedies. Rights hereunder are cumulative and no exercise or enforcement of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy hereunder which You or Us are entitled by law or equity to enforce. Nothing herein contained will be interpreted as to bar or waive Our right to obtain any remedy available at law or in equity including injunctive relief.

16.05 Costs and Attorney's Fees. If a claim for amounts owed by You to Us is asserted in any legal proceeding before a court of competent jurisdiction, or if We or You are required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees.

16.06 Binding Effect. This Agreement will be binding upon the parties hereto and their respective assigns and successors in interest, and will not be modified except by written agreement signed by both the Franchisor and You.

16.07 Miscellaneous. The preambles and exhibit(s) to this Agreement, if any, are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between You and Us relating to the subject matter of this Agreement. Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement will be executed in multiple copies, each of which will be deemed an original. Time is of the essence of this Agreement. Nothing in this paragraph is intended to be a disclaimer of the representations We made in the franchise disclosure document that We furnished to You. No modifications of the terms of this Agreement will be valid unless made in writing and executed by both Us and You.

16.08 Interpretation of Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers. The paragraph headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and will have no effect upon the construction or interpretation of this Agreement.

16.09 Relationship of the Parties. In all matters, You are an independent contractor. Nothing in this Agreement nor in the franchise relationship constitutes You as Our partner and agent, nor joint venture with Us and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are responsible for the management and control of Your Franchise Business, including without limitation, its daily operations, managing and directing employees and sales persons and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party will act or have the authority to act as agent for the other and neither You nor We will guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing.

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the day and year first above written.

YOU REPRESENT, COVENANT, AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING YOUR SUCCESS AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF YOUR BUSINESS OPERATIONS UNDER THIS AGREEMENT.

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ______________________________

Print Name: ______________________________

Title: ______________________________

**FRANCHISEE**

By: ______________________________

Title: ______________________________

By: ______________________________

Title: ______________________________

**EXHIBIT "A"**
**TO THE MULTI UNIT DEVELOPMENT AGREEMENT**

**RESERVED TERRITORIES**

**EXHIBIT "B"**
**TO THE MULTI UNIT DEVELOPMENT AGREEMENT**

**FRANCHISE UNIT**
**DEVELOPMENT**
**SCHEDULE**

| **Development Period & Term** | **Unit Deposits Paid ($2,500 Per Reserved Territory)** | **Balance Due of Initial Franchise Fee Per Unit** | **Minimum Number of Franchise Units to be Opened** | **Cumulative Total of Franchise Units In the Reserved Territories Open and Operating at End of Each Period** |
|---|---|---|---|---|
| 20__ | _____ | $7,500 | ______ | ______ |
| 20__ | _____ | $7,500 | ______ | ______ |
| 20__ | _____ | $7,500 | ______ | ______ |
| 20__ | _____ | $7,500 | ______ | ______ |
| 20__ | _____ | $7,500 | ______ | ______ |
| **TOTAL:** | $_________ | $________ | ______ | ______ |
| | **Total Amount of Deposits Paid** | **Total Remaining Balance Due** | **Units** | **Franchise Units that must be opened and in operation in the Reserved Territories at the end of the Term** |

____________________
Franchisee Initial and Date

____________________
Franchisee Initial and Date

# EXHIBIT H

# DEPOSIT AGREEMENT

**PROSPECTIVE FRANCHISEE**

**DEPOSIT AGREEMENT**

THIS DEPOSIT AGREEMENT ("Agreement") is made and entered into on______________, 20____, by and between **Melty Franchising, LLC** a Wyoming limited liability company (hereinafter referred to as "Franchisor" and at times as "We", "Us" or "Our") and_____ _______, LLC/Inc. (hereinafter referred to as "You" or "Your" and at times "Prospective Franchisee").

RECITALS:

A. You have applied for and desire to acquire an option to purchase a Melty Way® franchise to use Our trademarks, System and to operate a Melty Way® Business at a location hereinafter set forth in accordance with the recitals, terms and conditions of Our current Melty Way® Franchise Agreement, a copy of which was given You with the Franchise Disclosure Document more than 14 business days ago and is fully incorporated herein by reference, and this Agreement.

B. You declare that You have fully reviewed the Franchise Disclosure Document and familiarized Yourself with the essential aspects and purposes of the Melty Way® Franchise and System developed and owned by Us and desire to enter into this Agreement as a result of such independent investigation and not as a result of any separate representations by Us, or Our agents officers or employees, and further You expressly acknowledge that no separate representations, promises or warranties of any kind, express or implied, have been made by Us, Our agents, officers or employees, to induce You to execute this Agreement.

C. All capitalized terms used, but not defined, herein shall have the respective meanings assigned to them pursuant to the Franchise Agreement, and all references herein to "Article" and "Paragraphs" shall refer to articles and paragraphs of the Franchise Agreement.

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

1. **Grant of Option**. We hereby grant to You an option to acquire a Melty Way® Franchise under the terms and conditions of the Franchise Agreement and in accordance withthis Option Agreement within the area set forth on Exhibit "A" attached hereto and by reference made a part hereof. The final boundaries of Your franchise territory will be determined upon exercise of your Option and set forth in Your Franchise Agreement. The Option granted herein shall expire at 5:00 p.m., thirty (30) days from the date hereof unless extended by mutual written consent of the parties ("Option Period").

2. **Deposit**. Upon execution of this Agreement, You shall pay to Us a non-refundable deposit in the amount of Two Thousand Dollars ($2,000). If You exercise Your Option, this sum shall be credited against the initial franchise fee set forth in the Franchise Agreement.

3. **Exercise**. This Option is exercisable by You as follows: 1) Your written notice to Us of your exercise of the Option; 2) Your execution of the Franchise Agreement; and 3) Payment by You of the full Franchise Fee, all within the Option Period. **Time is of the essence of this Agreement**.

4. **Release**. In the event You fail to timely exercise the Option granted herein, the Parties agree upon expiration of the Option Period to enter into a mutual release, fully releasing and discharging the other from any and all liabilities, claims, damages or losses arising out of or in connection with this Agreement or the Melty Way® Franchise.

5. **Disputes**.

a. Mediation. During the term of this Agreement certain disputes may arise that you and we are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, officers, directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to mediation before either of us may file a lawsuit proceeding under Section 5.a. as it relates to any claim, controversy or dispute.

(i) The mediation shall be conducted by LeBaron Law and Mediation (https://www.lebaronlaw.com<https://www.lebaronlaw.com/>) in Utah County, Utah, or as we and you otherwise agree. The costs and expenses of the mediation, including the mediator's compensation and expenses (but excluding attorneys' fees incurred by either party), will be paid by the Party (you or us) who seeks resolution of the dispute with the first Five Thousand Dollars be paid to the Mediation Service by the Party seeking resolution of a dispute, and the remaining amount, if any, being paid equally by both Parties..

(ii) Mediation will consist of two parts. The first is to attempt to come to a mutual agreement on how best to exit under the circumstances. If this cannot be met then we move to the second, which is to have you sign a release and both parties use best efforts during an eight (8) month period of time to sell the franchise. We will use our digital marketing sources to focus in your specific area to get potential candidates for us to sell your franchise to. This will happen before any other type of legal action is taken by either party.

(iii) Notwithstanding the foregoing provisions of this Section 5.a. , your and our agreement to mediate shall not apply to any controversies, disputes or claims related to or based on the Marks or the Confidential Information. Moreover, regardless of your and our agreement to mediate, you and we each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief if warranted by the circumstances of the dispute.

b. Litigation. With respect to any controversies, disputes or claims that are not fully resolved through mediation as provided in Section 5.a. above, the Parties irrevocably agree to submit themselves to the jurisdiction of the Superior Court of Utah County, Utah, or the U.S. District Court for the District of Utah and hereby waive any and all objections to personal or subject matter jurisdiction in these courts. You and we further agree that venue for any proceeding relating to or arising out of this agreement shall be the courts of Utah County, Utah, or those closest to our then-current corporation location. The following shall apply to any action brought under this Agreement:

6. **Notices**. All notices permitted or required under this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally, (ii) by overnight courier upon written verification of receipt, (iii) by telecopy or facsimile transmission when confirmed by telecopier or facsimile transmission, or (iv) by certified or registered mail, return receipt requested, five (5) days after deposit in the mail addressed as follows:

Franchisor:

**Melty Franchising, LLC**
610 South 850 East
Lehi, UT 84043
Attention: David Nibley, CEO
Email: dnibley@meltyway.com

Franchisee:
______________________________
______________________________
______________________________
______________________________

7. **Binding Effect**. This Agreement and all its terms, conditions and stipulations shall be binding upon and shall inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

8. **Amendment**. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

9. **Authority**. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

10. **Costs & Expenses**. Each Party shall pay its own costs and expenses in connection with this Agreement.

11. **Entire Agreement**. This Agreement and Exhibits contain the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either Party. The Parties hereby agree that all prior agreements between the parties are hereby terminated with no continuing duties or obligations on the part of the other Party.

12. **Governing Law and Jurisdiction**. The validity, enforcement, construction, rights and liabilities of the Parties and provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Utah. If for any reason court action is filed, You consent to the jurisdiction of the courts of record in the State of Utah and agree that proper jurisdiction and venue shall be in the state and federal courts of Utah County, Utah.

13. **Interpretation of Agreement**. Words in the masculine gender include the feminine and neuter. Use of the singular shall include the appropriate plural numbers. The paragraph headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and shall have no effect upon the construction or interpretation of this Agreement.

[Signatures on Next Page]

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

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: _____________________________

Title: ___________________________

By: _____________________________

Title: ___________________________

**EXHIBIT “A”**

**Prospective Franchise Deposit Agreement**

**OPTION BOUNDARIES**

Your franchise shall be located within the following area: ________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________
______________________________________________________________________________________

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ______________________________

Print Name: _______________________

Title:_____________________________

**FRANCHISEE**

By: ______________________________

Print Name: _______________________

Title:_____________________________

By: ______________________________

Print Name: _______________________

Title:_____________________________

# EXHIBIT I

# RELEASE AGREEMENT

**MELTY FRANCHISING, LLC**

**RELEASE AGREEMENT**

This RELEASE AGREEMENT ("Agreement") is made and entered into this day of ___________, 20___ by and between Melty Franchising, LLC, a Wyoming limited liability company (herein "Franchisor") and________________________, LLC/INC., a_______limited liability company/corporation ("Franchisee"), and _____________________ (jointly and severally herein "Personal Guarantors"). Capitalized terms used herein shall have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Melty Way® franchise agreement dated effective as of _____________________, 20__ with Franchisor (the "Franchise Agreement") which was personally guaranteed by the Personal Guarantors; and

WHEREAS, the Franchise Agreement has been terminated as of the___________________day of ___________________, 20____.

NOW THEREFORE, in consideration of the premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee, and Personal Guarantors hereby agree as follows:

1. Franchisee and Personal Guarantors hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, employees, shareholders, and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantors have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantors further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantors represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantors acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

3. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

4. Disputes.

(a) Mediation. During the term of this Agreement certain disputes may arise that you and we are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, officers, directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to mediation before either of us may file a lawsuit proceeding under Section 4(b) as it relates to any claim, controversy or dispute.

(1) The mediation shall be conducted by LeBaron Law and Mediation (https://www.lebaronlaw.com<https://www.lebaronlaw.com/>) in Utah County, Utah, or as we and you otherwise agree. The costs and expenses of the mediation, including the mediator's compensation and expenses (but excluding attorneys' fees incurred by either party), will be paid by the Party (you or us) who seeks resolution of the dispute with the first Five Thousand Dollars be paid to the Mediation Service by the Party seeking resolution of a dispute, and the remaining amount, if any, being paid equally by both Parties..

(2) Mediation will consist of two parts. The first is to attempt to come to a mutual agreement on how best to exit under the circumstances. If this cannot be met then we move to the second, which is to have you sign a release and both parties use best efforts during an eight (8) month period of time to sell the franchise. We will use our digital marketing sources to focus in your specific area to get potential candidates for us to sell your franchise to. This will happen before any other type of legal action is taken by either party.

(3) Notwithstanding the foregoing provisions of this Section 4(a). , your and our agreement to mediate shall not apply to any controversies, disputes or claims related to or based on the Marks or the Confidential Information. Moreover, regardless of your and our agreement to mediate, you and we each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief if warranted by the circumstances of the dispute.

(b) Litigation. With respect to any controversies, disputes or claims that are not fully resolved through mediation as provided in Section 4(a) above, the Parties irrevocably agree to submit themselves to the jurisdiction of the Superior Court of Utah County, Utah, or the U.S. District Court for the District of Utah and hereby waive any and all objections to personal or subject matter jurisdiction in these courts. You and we further agree that venue for any proceeding relating to or arising out of this agreement shall be the courts of Utah County, Utah, or those closest to our then-current corporation location. The following shall apply to any action brought under this Agreement:

5. Miscellaneous.

(a) Cooperation. Franchisee and Personal Guarantors will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

(b) Choice of Law. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Utah.

(c) Amending this Agreement. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both parties.

(d) Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

(e) Binding Agreement. This Agreement and all its terms, conditions and stipulations shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

(f) Confidentiality. Both parties agree to maintain this agreement, the terms hereof, and any and all information obtained or provided by either party in order to initiate a contractual relationship, in the strictest of confidence.

(g) Executed Copies. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed or emailed pdf signature page, each of which shall be deemed an original, but all of which together shall constitute one and the same document; notwithstanding, in due course, all original documentation shall be forwarded to Franchisor and each party shall be provided with a fully executed Agreement.

(h) Entire Agreement. This Agreement contains the entire agreement and only understanding between the parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the parties and affiliates of the parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either party. The parties hereby agree that all prior agreements between the parties are hereby terminated with no continuing duties or obligations on the part of the other party.

(i) Headings and Gender. Words in the masculine gender include the feminine and neuter. Use of the singular shall include the appropriate plural numbers. The paragraph headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and shall have no effect upon the construction or interpretation of this Agreement.

(j) Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition shall not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

6. This Agreement shall be effective when signed by all of the parties in the appropriate places indicated below. The date of this Agreement shall be deemed to be the date on which the last signature is obtained.

7. Each of the parties acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

[Signatures on Following Page]

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

**MELTY FRANCHISING, LLC,**
**a Wyoming limited liability company**

By: ___________________________________

Print Name: ____________________________

Title:__________________________________

**FRANCHISEE**

By: ___________________________________

Print Name: ____________________________

Title: _________________________________

**PERSONAL GUARANTORS:**

By:_______________________________________
Print Name:_______________________, personally

By:_______________________________________
Print Name:_______________________, personally

By:_______________________________________
Print Name:_______________________, personally

By:_______________________________________
Print Name:_______________________, personally

# <u>EXHIBIT J</u>

## STATE-SPECIFIC DISCLOSURES

## INFORMATON APPLICABLE TO VARIOUS STATES

A. Item 2 of the Disclosure Document is amended to include the following persons who, as of December 31, 2021, will assist in the operations or sale of Unit franchises as Area Representative Business owners ("Area Representatives") for Melty Franchise, LLC*:

1. <u>Andrew J. Hall – Area Representative (Georgia/North Carolina/South Carolina)</u>

Mr. Hall has been the Area Representative for Melty Way for the Georgia/North Carolina/South Carolina Development Area since August 2021.

*If requested, our franchise sales staff will provide franchise prospects with the names and relevant information for those who become Area Representatives who will assist in the operations or sale of Unit franchises in the prospect's area after December 31, 2021.

B. There is no litigation or bankruptcy information to report in Item 3 or Item 4 as it relates to any of the Area Representatives referenced above.

## REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

Neither we nor any person or franchise broker 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 Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

Item 5 of the Disclosure Document is modified to include the following paragraph:

> We apply the initial franchise fee to our general operating revenues, which we use, among other purposes, to cover the costs of marketing to prospective Unit franchisees, training new Unit franchisees and assisting new Unit franchisees in opening their businesses.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that in inconsistent with the law, the law will control. We may not terminate your Unit franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your Unit franchise at least 180 days before expiration of the Franchise Agreement.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your Unit franchise. This provision may not be enforceable under California law.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF CALIFORNIA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW. To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Franchise Agreement requires mediation and litigation in Utah. 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) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

OUR WEBSITE (www.meltyway.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dpfi.ca.gov.

**REQUIRED BY THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

This franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Washington and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

**Additional Disclosure Required by State of Hawaii:**

A review of the applicant's audited financial statements indicate that the Franchisor's liabilities exceed its assets. The State of Hawaii Business Registration Division requires that the Franchisor defer the Initial Franchise Fee until its obligations to the Franchisee are met and the business is open.

## REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Area Representative Agreement.

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

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

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

## REQUIRED BY THE STATE OF INDIANA

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of your Unit franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your Unit franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to California law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires mediation and litigation to be held in Utah, mediation and litigation held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

## REQUIRED BY THE STATE OF MARYLAND

The Franchise Disclosure Document is amended as follows:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provisions in the Franchise Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. As such, Item 17(c) of the Franchise Disclosure Document is amended.

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise

Registration and Disclosure Law. As such, Item 17(v) of the Franchise Disclosure Document is amended.

Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.

**REQUIRED BY THE STATE OF MINNESOTA**

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld."

2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

4. Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

5. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. We will protect your rights under this Franchise Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and the System Standards.

**REQUIRED BY STATE OF NEW JERSEY**

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

**REQUIRED BY THE STATE OF NEW YORK**

The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK, 10271. THE FRANCHISOR MAY, IF IT**

**CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THE DISCLOSURE DOCUMENT**.

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud, embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act or 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of the General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17(d), titled "**Termination by Franchisee**":

You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by** franchisor":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of Forum**", and Item 17(w), title "**Choice of Law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**REQUIRED BY THE STATE OF NORTH DAKOTA**

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your Unit franchise. This provision may not be enforceable under North Dakota law.

Although the Franchise Agreement provides that the place of mediation and litigation will be located in Utah, we agree that the place of mediation and litigation will be a location that is in close proximity to the site of your Franchise Business.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Franchise Agreement provides that it will be governed by and construed in accordance with the laws of the State of California, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

## REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of California apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

## REQUIRED BY STATE OF SOUTH DAKOTA

The following provision supersedes any inconsistent provisions in the Disclosure Document and Franchise Agreement and apply to all franchises offered and sold in the State of South Dakota.

1. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided law.

2. Franchise registration, employment, covenants to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of Nebraska.

3. To the extent that Article XXI of the Franchise Agreement would otherwise violate South Dakota law, these sections are amended by providing that all litigation by or between you and us, involving an Franchise Business operating in the State of South Dakota, will be commenced and maintained, at our election, in the state courts of South Dakota or the United States District Court for South Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make any payments contained in the disclosure document and Franchise Agreement will afford you thirty (30) days written notice with an opportunity to cure the default before termination.

## REQUIRED BY THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures:

The following statements are added to Item 17.h:

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

## REQUIRED BY THE STATE OF WASHINGTON

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Washington:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise Business. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. If any of the provisions in this disclosure document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180

or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the disclosure document and Franchise Agreement, as applicable, with regard to any franchise sold in the State of Washington.

2. In any mediation involving a franchise purchased in Washington, the mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

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

4. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when signed 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, rights or remedies under the Act such as the right to a jury trial may not be enforceable. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by the Washington Franchise Investment Protection Act will be void to the extent that the provision violates the Act.

5. Transfer fees are collectable to the extent they reflect the franchisors reasonable estimated or actual cost in effecting a transfer.

# EXHIBIT K

## STATE EFFECTIVE DATES

## State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | Approved<br>Separate FDD |
| Hawaii | August 25, 2022 |
| Illinois | Pending |
| Indiana | Not Registered |
| Maryland | Not Registered |
| Michigan | Not Registered |
| New York | Not Registered |
| North Dakota | Not Registered |
| Rhode Island | Not Registered |
| South Dakota | Not Registered |
| Virginia | Not Registered |
| Washington | Not Registered |
| Wisconsin | Not Registered |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# EXHIBIT L

# RECEIPTS

# RECEIPT

**(YOUR COPY – RETAIN FOR YOUR FILES)**

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 Melty 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, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before 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 agreement or other agreement or the payment of any consideration, whichever occurs first.

If Melty 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 applicable state agency listed in Exhibit A.

The franchisor is Melty Franchising, LLC, located at 610 South 850 East, Lehi Utah 84043. Its telephone number is 801-735-8262.

The following broker(s) will represent us in connection with the sale of our franchises: David Nibley, Chief Executive Officer at 610 South 850 East, Lehi Utah 84043, and (801) 735-8262.

Date of Issuance: July 13, 2022

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated July 13, 2022. This Disclosure Document included the following Exhibits:

A. State Administrators/ Agents for Service of Process
B. Franchise Agreement
C. Confidential Information Application
D. List of Franchisees
E. Financial Statements
F. Table of Contents
G. Multi-Unit Development Agreement
H. Deposit Agreement
I. Release Agreement
J. State Specific Disclosures
K. State Effective Dates
L. Receipts

_______________________________ Date

_______________________________ Signature of Prospective Franchisee

Print Name: ___________________________

You may return the signed receipt either by signing, dating, and mailing it to us at Melty Franchising, LLC, located at 610 South 850 East, Lehi Utah 84043, or by sending a copy of the signed and dated receipt to us at dnibley@meltyway.com.

# RECEIPT

**(OUR COPY – SIGN, DATE AND RETURN TO US)**

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 Melty 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, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before 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 agreement or other agreement or the payment of any consideration, whichever occurs first.

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J. State Effective Dates
K. State Specific Disclosures
L. Receipts

______________________________
Date

______________________________
Signature of Prospective Franchisee

Print Name: ______________________________

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